CONSULTANT'S STUDY:

26 INCLUSIONARY ZONING STUDY FOR HOUSING IN THE CITY OF TORONTO

FINAL REPORT

Cityplan '91

City of Toronto
Planning &
Development
Department

Robert E. Millward
Commissioner

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April 1991

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Prepared for the City of Toronto
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EXECUTIVE SUMMARY

This report addresses the feasibility of and probable market response to a mandatory Inclusionary Zoning program for affordable condominium housing in the City of Toronto. The study was jointly sponsored by the City of Toronto and the Ontario Ministry of Housing as part of Toronto's Cityplan '91 process. The purpose of Inclusionary Zoning would be to achieve objectives of the 1989 Provincial Policy Statement on Land Use Planning for Housing for a range and mix of housing types, provision of affordable housing and residential intensification.

Definition

Inclusionary Zoning is a requirement for a set proportion of units within a multiple unit residential project to be offered for sale to first-time home buyers at below market prices which are deemed to be affordable. It is intended that these "Inclusionary units" become part of a pool of affordable units which typically can only be sold to qualified purchasers at affordable prices.

Experience of Other Jurisdictions

- Inclusionary housing is a U.S. phenomenon primarily applied to low density suburbs in order to achieve socio-economic integration and to provide housing affordable to low and/or moderate income households.
- Inclusionary Zoning for housing has not been applied to a municipality comparable in scale to the City of Toronto, or to high-rise development.
- Cash-in-lieu and off-site provisions (e.g. donation of land or provisions on another site) for low cost housing are possible alternatives to providing Inclusionary units on-site.

Target Households

- The Steering Committee for this study directed that our analysis focus on husband and wife tenants whose household incomes fall within the 50th to 60th percentiles of all tenant household incomes as the primary target market of Inclusionary units in the City of Toronto. Lower income households (i.e. below 50th percentile) have not been targeted in this analysis because considerable government subsidies would be required to provide purchase housing to this group at affordable prices. Higher income tenant households (ie. above 60th percentile) also have not been targeted, given that they are generally in a stronger position to be able to afford and obtain financing for purchase starter housing, and potentially could "push out" middle income tenant households from the Inclusionary housing market.
- At estimated 1990 income levels and with a minimum 25% downpayment, "affordability" for the target group translates to prices from $104,000 - $122,000. However, the range of affordable prices has been broadened somewhat to allow for lower interest rates and larger potential downpayments.

Design Considerations

- The cost and availability of land dictate that, in most cases, high rise buildings are the necessary form of development in the Central Core. However, this is the most costly form of construction.
- There is limited opportunity to dramatically lower the production cost of an Inclusionary unit within a market condominium project.
- Some cost savings are possible, however, by reducing the size of the Inclusionary units, eliminating laundry facilities within units, providing only one bathroom, reducing quality of the basic appliance and finishing package, and by allowing tandem parking.
- A concern of developers is that the provision of Inclusionary units on site would reduce overall design flexibility and thereby increase unit costs.

Development

- There is a concern expressed by the developers and condominium marketers interviewed that Inclusionary units provided on site will create market conflicts and possibly reduce the market prices - particularly in "luxury" projects. While we agree that Inclusionary units could reduce marketing flexibility, there is no evidence to support the view that prices would be reduced.
- The introduction of Inclusionary units will directly impact on developer profits in the short term by reducing net revenues, since Inclusionary units would be sold at $80-100 per sq. ft. less than market units.
- In the longer term, the foregone revenue resulting from providing Inclusionary units will be passed primarily back to land prices (as a reduction). However, there may also be upward pressure on market prices.
- Inclusionary Zoning may affect the terms on which conventional project lending will be available to condominium developers. The effect will be to increase the equity or off-project finance required and/or the level of pre-sales required.
- Based on our analysis of project economics on the sensitivity of return to changes in unit prices and land values, it is our view that a 5-10% exaction in the form of on-site Inclusionary units could be absorbed without seriously distorting development economics. In a rising market, 10%-15% could be acceptable.

- There is no clear threshold project size or type for the application of Inclusionary Zoning. Because of the fragile economics generally characteristic of small projects (ie. less than 30 units) and main street developments, such projects should be exempt from Inclusionary requirements. The low potential yield of Inclusionary units from these projects could also be inefficient and costly to administer.

Potential Production

- The potential production of Inclusionary units depends on the production of market condominiums and the proportion of Inclusionary units exacted.

- Based on condominium unit completion trends over the past decade, an Inclusionary exaction could potentially yield approximately 100-300 Inclusionary units annually:

Potential Annual Yield Of Market Condominium Units	**Low @1200 ***	**Medium @1600 ****	**High @2000**
Potential Annual Yield of Inclusionary Units			
@ 5% I.Z. Exaction	60	80	100
@10% I.Z. Exaction	120	160	200
@15% I.Z. Exaction	180	240	300

* Based on 1981-1990 average condominium completion rates in the City of Toronto, as compiled by CMHC.

** Based on 1986-1990 average condominium completion rates in the City of Toronto, as compiled by CMHC.

- Assuming authorizing legislation for Inclusionary Zoning in the City could be in place by 1993, we would not expect Inclusionary units to be available for occupancy until 1994 or 1995.

Implementation Issues

- There are many implementation issues associated with a mandatory Inclusionary Zoning program. These include:
  - the mechanics and costs of administering the program
  - the nature of the legal agreements required
  - possible liability of the municipality.

Some of the most critical of these issues are listed at the end of this Executive Summary.

Alternatives

- On-site incorporation of Inclusionary units with market units is desirable from a municipal perspective in order to promote socio-economic integration. However, such integration may not always be appropriate (e.g. in luxury projects or on prime sites where land values are very high).

- Cash-in-lieu payments are one alternative to on-site provisions and would be preferable from market, development economics and financing perspectives.

- Cash-in-lieu could be set to make up the difference between an affordable price and the production cost of Inclusionary units. The amount of cash-in-lieu levied would be a function of the amount of the difference and the proportion of Inclusionary exaction.

- A cash-in-lieu approach invites the question: should the intention of this exaction be confined only to providing lower cost condominiums for first-time homebuyers - or should it be extended to assist in the provision of all forms of affordable housing?

- Provision of the required Inclusionary units on another site or the donation of land to the municipality or a non-profit housing agency for the purposes of providing low cost housing are further alternatives to on-site integration.

Major Implementation and Administrative Issues associated with an Inclusionary Zoning Program in the City

(i) Should the municipality focus on a specific household group (upper-middle income family renters) who may not be disadvantaged except for an inability to purchase housing within the City of Toronto?

(ii) Is the expenditure of municipal administrative resources to house potentially 100-300 households annually in this target group the best use of these resources?

(iii) How will potential purchasers be pre-qualified? By whom (by the City, by a non-profit housing agency responding to the City, or by the developer subject to City approval)? What criteria will be applied for pre-qualification? (household income? marital status? length of employment? place of residency? place of employment? access to 25% downpayment? etc.)

(iv) Should/will government subsidies be made available to cover any portion of the required downpayment? to cover any portion of legal fees?

(v) Should on-going condominium maintenance fees be fixed at a maximum level for Inclusionary purchasers? If so, who will pay for condo fees required over and above that level? (market condominium purchasers? and, if so, will this create hostilities and segregations within the condo project? or should government subsidies be made available?)

(vi) Can the required Inclusionary units be provided in a separate building on the same site?

(vii) Can Inclusionary units be marketed and/or occupied after a majority of market units are sold?

(viii) Who should dictate unit sizes and mix? (the market? the City?)

(ix) Who will be responsible for apportioning Inclusionary units? (the developer? the City? a non-profit housing agency?)

(x) How will Inclusionary potential purchasers be identified? (through pre-qualified lists? media advertisements? lottery? first-come/first-served?)

(xi) If purchasers for some Inclusionary units cannot be found within a reasonable period of time, should the units be sold at market prices (if so, to whose profit, the City's or the developer's)? Should a selling period be tagged for these units (if so, how long)?

(xii) What legal mechanisms will be used to re-acquire control of the unit when it is sold? Who will be responsible for resale? (the original purchaser? the City? a non-profit housing agency?)

(xiii) Do the Inclusionary units stay within an increasing pool of low cost units?

(xiv) Should resale controls be placed on Inclusionary units to ensure they remain affordable? Should such controls be registered on title to bind subsequent purchasers? If so, should such registrations on title be for a short period of time (e.g. 3-5 years)? a longer period (15-20 years)? or indefinitely?

(xv) How would Inclusionary resale prices be established? If long term affordability is the intent of the Inclusionary Zoning program, some objectively verifiable method of monitoring and preserving the ratio between housing prices and household income must be established. Should such controls be established based on increases in average household incomes for the target group (say resale prices at 2.5 to 3 times household income)? or to average increases in the price of market condominium units in the area (e.g. if market condominium unit prices increased 5% in the first year, Inclusionary unit resale prices would be set at 5% above their original purchase price)? or tied to a price index which factors housing price increases, but may or may not factor escalations in land values?

(xvi) If resale prices are not registered on title, or otherwise contracted with the City, how will affordability of Inclusionary units be monitored?

(xvii) Should minimum occupancy requirements be applied to Inclusionary units to ensure these units are accommodating the group they were intended for?

(xviii) While security of tenure may be a strong incentive for potential purchasers of Inclusionary units, if there is no potential increase in price, the benefits to the purchaser (as a hedge against inflation) are limited.

(xix) If the opportunities for price increases are limited, mortgage lenders may see higher risk which, in turn, could mean lower ratio mortgages and more stringent payment requirements.

(xx) If the City is pre-qualifying potential Inclusionary purchasers within a condominium, does this imply a legal responsibility in case of mortgage default, default on condominium fees, or other liabilities?

(xxi) How can mortgage lenders obtain unencumbered title if the purchaser defaults? Must the lender sell the unit through the Inclusionary program? If so, what special legal provisions within the mortgage and the purchase and sale agreements could facilitate this process, thereby reducing lender risk and ensuring normal mortgage terms to purchasers?

(xxii) What provisions are required to enable lenders to treat on-site Inclusionary units in the same way as market units for the purpose of calculating maximum project lending?

(xxiii) Should density increases be permitted to ease the transition and introduction of Inclusionary Zoning? If so, to what extent and for what period of time?

(xxiv) If cash payments are to be permitted in certain cases in lieu of providing the required Inclusionary units, should the City establish clear policy parameters for such payments or should they be permitted on a site by site basis?

(xxv) If off-site provisions for Inclusionary units are to be permitted in some cases, should developers be permitted to "pool" and/or sell their obligations? Should conditions be set by the City on when such units must be built?

(xxvi) Who will be responsible for monitoring the production and availability of Inclusionary units, as well as the success of the Inclusionary Zoning program?

(xxvii) Should Inclusionary cash-in-lieu exactions be pooled to provide all forms of low cost housing, or just Inclusionary housing?

(xxviii) Should Inclusionary exactions apply only to residential condominium development? Should they apply to condominiums produced for temporary rental through investment syndicates?

(xxviii) Is it desirable to exact a subsidy for low cost housing from the construction of market housing within the City?

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1.0 INTRODUCTION

1.1 Overview of Inclusionary Zoning Study

Inclusionary Zoning for affordable housing is a land development control measure, enacted by way of municipal bylaw, which generally requires a certain portion of units within any new multiple unit residential development project to be set aside for low and/or moderate income households at below market prices (or rents). Some programs mandate developer participation as a condition of development approval while others encourage developers to participate on a voluntary basis through density bonuses and other development incentives. Inclusionary programs are currently in place in numerous communities and municipalities in the United States.

1.2 Study Purpose

The City of Toronto and Ontario Ministry of Housing have jointly sponsored the following study to examine the feasibility of a mandatory Inclusionary Zoning program in the Toronto (City) context. Such a program is being contemplated as part of Toronto's Cityplan '91 official plan review process, in light of the City's commitment to social equity and the Provincial Policy Statement on Land Use Planning for Housing which mandates the creation of Affordable Housing. Specifically, the Provincial Policy Statement has three fundamental objectives particularly salient to this study:

i) to provide a range and mix of housing types in new residential development;

ii) to require municipalities and planning boards to establish appropriate planning policies and standards which will enable at least 25 percent of residential units resulting from new residential development and residential intensification through conversion of non-residential structures, infill and redevelopment, to be Affordable Housing; and,

iii) to increase the supply of housing through residential intensification to make better use of existing resources, buildings or serviced sites as well as meet changing demographic trends and housing demands, and to require municipalities to adopt a strategy to make use of those opportunities.

The Provincial Policy Statement defines **Affordable Housing** as follows:

"Housing which would have a market price or rent that would be Affordable to households of low and moderate income. Households of low and moderate income are defined as households within the lowest 60 percent of the income distribution [of all owner occupied and tenant households] for the Housing

Region.[1] Affordable Housing could also include any government assisted housing recognized, from time to time, as Affordable Housing by the Minister of Housing."

and **Affordable** as follows:

> "Annual housing costs (gross rent, or mortgage principle and interest (amortized over 25 years and assuming a 25% down payment) and taxes) which do not exceed 30% of gross annual household income."

Inclusionary Zoning is being considered as a possible means to help fulfill each of the Provincial objectives through increased private sector involvement.

As a basis for analysis, the Steering Committee for this study has indicated Inclusionary Zoning in the City would require a set proportion of units in new multiple unit residential condominium projects to be sold to low and/or moderate income households at below market prices with mechanisms placed on such units to retain them in the market indefinitely at affordable prices.

The Steering Committee also directed that the feasibility analysis focus, as the primary target market of Inclusionary units, on tenant family households (with or without children) whose household incomes fall within the 50th to 60th percentiles of all tenant household incomes. (Discussed in Section 5.1. of this report.)

1.3 Study Objectives and Approach

Malone Given Parsons Ltd. Planners and Market Analysts, with Page & Steele Architects, have been retained by the City to assess the economic feasibility and probable market response to mandatory Inclusionary Zoning in the Toronto context. The specific objectives of the study are as follows:

(i) To identify parameters of an Inclusionary Zoning program at levels which are economically feasible;

(ii) To estimate the implications on production costs;

(iii) To determine the required subsidy by developers and/or by other purchasers;

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[1] The area defined by the Ministry of Housing in an annual Information Bulletin for the purpose of identifying the 60th percentile of household incomes to be used by each municipality in the Housing Region, for the purposes of defining Affordable Housing. These regions have been determined based on Statistics Canada housing labour market area boundaries (Census Metropolitan Areas and Census Areas), along with contiguous Census Divisions (Counties, Regions) where income variations between the Census Divisions at the 60th percentile are within tolerable limits.

(iv) To review the merits and demerits of off-site and cash-in-lieu options;

(v) To estimate possible yield of Inclusionary units;

(vi) To assess probable market response;

(vii) To identify any potential concerns of mortgage lenders;

(viii) To identify alternative types of Inclusionary units.

This study examines several components essential to an investigation of the Inclusionary Zoning concept:

- The parameters, mechanics and major issues of Inclusionary programs currently in place. Such background is important as a basis for assessing the feasibility of a mandatory Inclusionary Zoning program in the City of Toronto;
- Housing market overview with particular emphasis on the condominium market, potential target markets and market feasibility for Inclusionary units;
- Design opportunities and issues associated with providing Inclusionary units;
- Analysis of the probable market response to an Inclusionary program, based on a series of industry interviews, knowledge of Toronto's real estate market and experiences of other jurisdictions which have Inclusionary programs in place; and
- Implications of Inclusionary Zoning on project economics, development and administration.

The report is structured accordingly and concludes with a set of opportunities and issues relating to the feasibility of implementing a mandatory Inclusionary Zoning program in the City.

It should be noted that the Terms of Reference for this Study specified three types of residential condominiums to be analyzed in the context of the feasibility of Inclusionary Zoning in the City of Toronto: Central Area high density luxury, main street medium density and new neighbourhood medium density townhouse. Given that the latter condominium type is not a predominant housing form within the City, the Steering Committee for the study directed that our analysis focus on high-rise, mid-rise and main street condominiums.

2.0

INCLUSIONARY ZONING IN PRACTICE:

REVIEW OF PROGRAMS IN OTHER JURISDICTIONS

2.0 Review of Programs in Other Jurisdictions

This section of the report provides an overview of the Inclusionary housing concept. The following review is in no way intended to be complete or comprehensive. Rather, the objectives here are to provide an understanding of how the Inclusionary housing concept is employed in other jurisdictions and to establish a context for subsequent chapters of this report which address the viability of a mandatory Inclusionary Zoning program in the City of Toronto.

Through our research, it became clear that the Inclusionary housing concept, as a mandatory requirement of new residential development, has to date not been applied to a municipality comparable in scale to the City of Toronto, or to high-rise development, or within a major metropolitan area such as Metropolitan Toronto and its environs. Should the City decide to pursue an Inclusionary program it will likely be necessary to further investigate specific aspects and issues of Inclusionary housing with policy-makers and program administrators in formulating and implementing an appropriate program for Toronto.

2.1 Background

- **An American phenomenon, primarily of low density suburbs, intended to achieve social and economic integration.**

Inclusionary housing evolved in the United States in the 1970's and 1980's as a direct response to increasingly poor housing conditions, poverty and racial segregation which pervaded extensive urban areas.

> "During the 1970's.... in almost all cases the economic disparity between central cities and their suburban rings widened, the cities becoming poorer and the suburbs more affluent, at least in relative terms."[1]

Federal monies were made available for the construction and rehabilitation of housing for low and moderate income households in the 1970's and, in 1977, the Department of Housing and Urban Development (HUD) set aside ("Section 8") subsidy funds for suburban communities to participate in Areawide Housing Opportunity Plans (AHOPs) which required integration of a portion of low and moderate income households in new housing developments. Such subsidy programs had marginal effect.[2] Although they initially facilitated the establishment of numerous Inclusionary housing programs, by the early 1980's Inclusionary housing had become an alternative to federal housing subsidies dramatically cut back by the Reagan administration.

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[1] Inclusionary Housing Programs: Policies and Programs. Mallach, A., 1984. (Centre for Urban Policy Research, Rutgers, New Jersey). p. 5.

[2] Ibid., P.5

Over the past two decades, Inclusionary housing programs have become an increasingly common approach to fostering socio-economic integration, spreading through 150 to 200 communities and municipalities in the United States.

- **Now most prevalent in California.**

The concept of Inclusionary Zoning was pioneered in Fairfax County, Virginia in 1971 with a mandatory requirement for housing appropriate for low and moderate income households. Two years later, the program was rejected by the Virginia Supreme Court in the *DeGroff decision* as *ultra vires* due to the absence of specific enabling legislation[1].

Operating under the legal constraints imposed by *DeGroff*, Arlington County, Virginia, implemented a voluntary density bonus provision in its ordinance[2] in 1972 for developers providing a portion of moderate income housing (either on-site or at acceptable off-site locations), subject to adequate guarantees that such units remain available to moderate income families. As was the experience in other jurisdictions, these density bonus provisions were relatively ineffective and, in the 1980's, the County and other jurisdictions in New Jersey chose to negotiate with developers on a more informal basis for low and moderate income units. This latter approach proved more successful[3].

Inclusionary housing programs now have been established throughout various parts of the United States, including Ohio, Oregon, Virginia, Florida, Massachusetts and Colorado. The majority of programs currently in place, however, are in the states of California and, to a lesser extent, New Jersey.

The prevalence of Inclusionary housing in California is generally attributed to a Model Inclusionary Zoning Ordinance (bylaw) prepared by the California Department of Housing and Community Development, which the State encourages local governments to adopt.

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[1] *Board of Supervisors v. DeGroff Enterprises* 214 Va.235, 198 S.E. 2d. 600 (Va.1973).

[2] Initially, the bonus provided for a 10% increase in density in return for ensuring that 10% of the total as-of-right units on the site qualified as moderate income housing units.

[3] Inclusionary Housing Programs: Policies and Programs. Mallach, A. 1984. (Centre for Urban Policy Research, Rutgers, New Jersey.) pp. 220-221.

The model ordinance suggests the percentage of units dedicated to low and moderate income households should depend on market area need, median income, market demand and development costs. As a result of this ordinance, several counties within California have implemented inclusionary housing programs. In addition, the California Coastal Commission adopted official guidelines in 1980 for a proposed Inclusionary requirement on all housing built within the coastal zone. This ordinance requires developers building more than 20 units along the coast to set aside 25 percent of their sales units for occupancy by low and moderate income families.

- **Nature and scope of Inclusionary programs vary.**

Inclusionary housing programs can be either mandatory, negotiated or voluntary. Under a mandatory program, the developer must produce a set proportion of Inclusionary units for low and/or moderate income households. In some cases, subsidies and development incentives such as density bonuses and infrastructure may be made available to the developer. Typically, mandatory programs receive the least developer support due to perceived profit reductions and marketing problems. However, mandatory programs are employed in such areas as Marin and Orange Counties, Palo Alto (California) and East Brunswick (New Jersey), and have successfully produced Inclusionary units or payments in-lieu of such units. (See Appendix A for a partial listing and description of Inclusionary programs.)

Certain programs maintain a mandatory requirement to provide Inclusionary units while also affording some flexibility in terms of negotiating specific production requirements, design standards, site location, (i.e. off-site provisions) in-lieu payments, etc. Occasionally, the mandatory requirement will not be applied where Inclusionary units are deemed inappropriate to a specific location or project, but even in these cases the developer is encouraged to provide the "required" units elsewhere.

Voluntary programs provide developers with the option of participating in Inclusionary housing. Incentives are typically offered under voluntary programs: density bonuses; developer options to provide cash in lieu of Inclusionary units; fast tracking of approvals; reductions in required amenities, parking, open space and various design features; and fee waivers.

- **Voluntary programs are common, but less successful.**

While voluntary programs are common they have achieved less success than mandatory programs:

> "... most voluntary programs have not produced low- and moderate-income housing. No planning official we interviewed was aware of a situation in which density bonuses, fast track processing, or other incentives were sufficient inducement to produce low or moderate cost housing in the absence of other programs and policies... In the current environment, no land use strategy heavily dependent on the availability of federal or other subsidies has any real capability of increasing the stock of low- and moderate-income housing [particularly due to budgetary constraints], and mandatory inclusionary programs must be given more consideration and taken far more seriously than voluntary programs."[1]

- **No programs in place are directly analogous to a mandatory program in the Toronto context.**

To date, the Inclusionary housing tool has been used by suburban communities and smaller urban centres compared with the City of Toronto and the Greater Toronto Area (GTA).[2] Specifically, the tool has not yet been employed in Canada and there does not appear to be any program in place which could be considered directly analogous to a mandatory program in the Toronto context. The Inclusionary concept has been largely an American suburban phenomenon applied predominantly to low rise development.

The County and City of Los Angeles have mandatory Inclusionary housing programs; however, while Inclusionary units are encouraged and may be required as a condition of condominium development approval, the programs are not strictly enforced because no administrative agencies have yet been established for the purpose.

2.2 Program Components

2.2.1 Determining Household Types Eligible for Inclusionary Programs

Inclusionary programs aim to provide units for low and/or moderate income households. Specific types of households are generally targeted based on local planning and housing objectives, the nature and extent of local housing affordability problems, political will and development economics.

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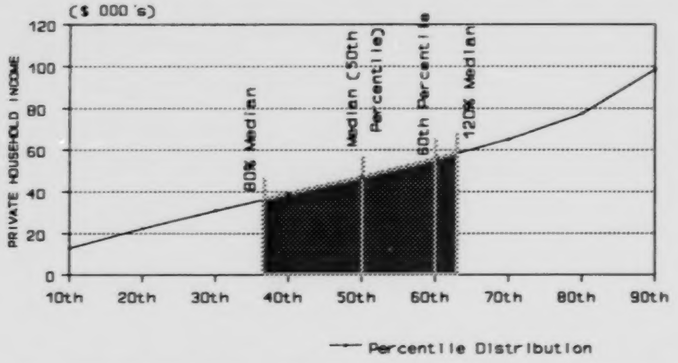
[1] Inclusionary Housing Programs: Policies and Programs. Mallach, A., 1984. (Center for Urban Policy Research, Rutgers, New Jersey.) pp.13-14

[2] The GTA is comprised of the Regional Municipalities of Metropolitan Toronto, York, Peel, Durham and Halton.

Individual programs typically identify specific income ceilings for potential Inclusionary unit purchasers (or renters) using estimated median income levels as a benchmark.[1] Median income levels by family size are estimated annually by the United States Department of Housing and Urban Development (HUD) for each State. Each State, and on a smaller scale each county, estimates its own low and median income levels using the HUD estimates for median income as a base. Generally, Inclusionary programs define moderate income households as those whose incomes fall between 80 - 120 percent of the median (total) household income of the area: low income households targeted by Inclusionary programs typically have household incomes below 80 percent of the median income. For comparative purposes, the Province of Ontario's Policy Statement on Land Use Planning for Housing ties affordability to the 60th household income percentile. (See Figure 1.)

Figure 1: PERCENTILE DISTRIBUTION OF PRIVATE HOUSEHOLD INCOME IN THE TORONTO CMA 1990 ESTIMATES



Source: Ontario Ministry of Housing based on 1986 Census (1985 incomes), adjusted by Malone Given Parsons Ltd. using an inflation factor of 1.28 based on the Conference Board of Canada's estimate of the Consumer Price Index for Ontario, all items 1985 and 1990.

Note: Affordable Housing prices and rents are estimated by the Ontario Ministries of Municipal Affairs and Housing using the 60th percentile of all household incomes as a benchmark. The tone on this table generally indicates the American approach to estimating affordability targets based on the private household median income. In the United States, moderate household incomes are typically estimated at between 80 to 120% of the median income.

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[1] Median household income is that income level at which 50% of household incomes are higher and 50% are lower.

In determining the types of households for which housing should be provided through an Inclusionary program, several other factors may be considered:

- What are the characteristics of the local population and for which segments of the population is housing affordability considered a critical problem?
- Are local policy-makers and politicians concerned about ensuring affordable housing in general, or specifically for local residents or employees working within the municipality?
- Of these "critical" segments of the population, what types of housing do they require and can they afford to buy? Are these segments typically constrained by limited money available for downpayment and/or by the carrying costs associated with homeownership?
- If appropriate market-priced housing is beyond the financial means of a majority of these segments, are government housing subsidies available to assist with the production of below-market priced housing? If so, to what extent?
- Are there specific geographic areas of the municipality (or region) where housing affordability problems are particularly critical?
- Are affordable housing needs deemed more critical by policy-makers and local politicians for family or for non-family households? for senior citizens? for families with children versus families without children?
- From the perspective of residential development economics, what types of housing can realistically be provided to accommodate the critical housing segments appropriately and affordably?

- **Priority listings may also be used to determine eligibility.**

Some communities choose to go beyond the sole use of income to determine eligibility for Inclusionary units in attempting to prevent abuse of the program, and in an effort to ensure that the benefits of the program go to the most deserving recipients. Priority lists and/or lotteries may be used to restrict access to the Inclusionary units to the income groups they are intended for. There are different types of priority ranking systems, some based on employment, others on the present location of prospective occupants. The City of Irvine (California), for example, has enacted a priority ranking scheme which is linked to employment:

- First Priority: Households whose primary wage earner, (the individual earning the highest annual salary or wage in a given household), is employed in the City.

- Second Priority: Households whose secondary wage earner is employed in the City.

- Third Priority: General Public.[1]

This ranking scheme is based on the City's objective of providing affordable housing close to work for local employees in order to cut down on commuting and encourage a more stable labour force.

With some programs, the "first come - first served" approach is used, and may or may not be based on established priority categories. Where not based on priority categories, there may be no attempt to ensure that the Inclusionary units go to the groups they were built for.

- **Upper-middle class households have benefitted most.**

While there is considerable variation amongst existing Inclusionary programs in terms of what types of households are targeted, what proportions of Inclusionary units must be targeted to low and moderate income households, and how each program defines "low" and "moderate" income households, it is clear that the "upper middle class" (i.e. those households at or about the median income, or the 50th to 60th income percentile) generally has benefitted most from the provision of Inclusionary units.

This largely is a result of federal cut-backs in housing subsidies as well as the desire of developers to maximize profits and minimize perceived marketing risks imposed by integrating or "including" lower-income households in modestly-priced new residential projects.

2.2.2 Determining the Kinds of Housing Eligible for Inclusionary Program

The kinds of housing eligible for Inclusionary programs should factor at least four basic elements:

i) locational context;
ii) potential Inclusionary unit household types;
iii) production costs and pricing; and,

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[1] Inclusionary Housing Programs; Policies & Programs. Mallach, A., 1984. (Center for Urban Policy Research, Rutgers, New Jersey) p. 136.

iv) design flexibility.

Although the American emphasis for Inclusionary housing has been on low- and mid-rise development, Inclusionary units conceivably could also be produced in a high-rise form. An important distinction is whether the Inclusionary program is applied in a suburban or urban context. If the latter, what types of housing can be built based on vacant land and/or on potential redevelopment sites?

- **Housing types must be appropriate for potential occupants.**

Housing types eligible for an Inclusionary program must respect living accommodation requirements of potential occupants of Inclusionary units. In this regard, the needs of families with children are considerably different than those of childless couples or seniors.

- **What can be built/priced at affordable levels?**

As a rule of thumb, Inclusionary housing price ceilings are established at roughly 2.5 to 3 times the median annual household income level in the American context. (See Appendix A.) What types of housing can be produced and priced at levels affordable to potential Inclusionary unit occupants? Can these be produced without jeopardizing the viability of the entire residential project? Residential condominiums are one ownership vehicle which has been used in existing Inclusionary housing programs not only as a means to minimize unit sale prices but also to limit costs associated with ongoing operation and maintenance of housing.

- **Identical external appearance of Inclusionary/Market units.**

Where mandatory programs require Inclusionary and market rate units to be integrated, identical exteriors for all units is encouraged: the interior of the units may differ in size, basic finishes, amenities, etc. Based on our literature review, there do not appear to be any specific unit design "standards" for Inclusionary units: design generally respects the specific characteristics of the project, site location and potential occupants.

In the United States, an overwhelming majority of Inclusionary housing developments are in two or three storey buildings. In New Jersey, an identical exterior appearance of all units is commonly achieved with double-loaded 12 or 24-plex low rise buildings. (See Appendix A2).

- **Required Inclusionary units could be accommodated off-site.**

Under some programs, the required number of Inclusionary units may be accommodated on a separate site from the market-rate units. (This is typical rather than an exception in Irvine and Orange Counties, California). Alternatively, the Inclusionary units may be clustered in a separate building on the same site as the market units. The rationale behind separating the Inclusionary and market units is that the developer hopes to reduce construction costs, maximize project design flexibility and increase the appeal of the market-rate units.

The California Model Inclusionary Housing Ordinance requires that Inclusionary units be dispersed throughout development and that Inclusionary units have, on average, the same number of bedrooms as market rate units. The California Coastal Commission developers attempt to make their Inclusionary units similar in appearance to the adjacent market-rate units in an effort to promote social contact between families of various income groups.

2.2.3 Zoning and Planning Incentives for Inclusionary Programs

- **Wide variety of incentives to entice development of Inclusionary units.**

As a result of the variations between local zoning ordinances, market conditions, government structures, state legislation and political will, it is difficult, if not impossible, to devise a "standard" Inclusionary Zoning program. There is, however, an important common thread: to entice developers to create Inclusionary units, many jurisdictions provide for a variety of planning and zoning incentives.

Density bonusing is the most common form of planning incentive for Inclusionary housing. A density bonus "by-right" allows the developer to build more units than the zoning otherwise allows. In this respect, Inclusionary units can be considered as "add-on" units which the developer would not have been able to build in the absence of the Inclusionary program. Theoretically, if provided with a density bonus, a developer of Inclusionary units should not lose profit by providing the low and moderately priced units. Other incentives for Inclusionary units include: an option to provide the required Inclusionary units on another site; permitting a developer to donate a parcel of land (acceptable to the municipality) to a public or non-profit housing agency for low cost housing; expedited approvals process; flexible design and site plan requirements; and waivers of development fees and charges.

The California model ordinance provides for one bonus unit for every two required Inclusionary units; however, most local ordinances offer at least one bonus unit for every Inclusionary unit required.

It is generally held that under a voluntary Inclusionary program, moderately-priced units will not be built unless the developer is given an incentive to do so. Mandatory Inclusionary programs typically provide a density bonus in compensation for providing the required number of Inclusionary units. In some jurisdictions, the rate of density bonusing increases if a proportion of Inclusionary units are targeted for low income households.

- **Cash-in-lieu is a popular alternative for developers.**

Numerous Inclusionary programs allow for payments in-lieu of providing Inclusionary units. Many developers prefer to pay the in-lieu fee rather than including "lower end" Inclusionary units in their development projects.

- **Less common incentives are "transferrable" or "saleable" Inclusionary credits (analogous to density transfers).**

In some jurisdictions, including both the City and County of Santa Cruz (California), a developer may provide more Inclusionary units than are required for a specific project on one site and, in return, receive Inclusionary "credits" from the municipality which may be "transferred" to another site (analogous to a density transfer). This approach may enhance project design and marketing flexibility. Under some programs, credits not only may be transferred but also are "saleable" to other developers who may not wish to provide Inclusionary units on site.

- **Some programs employ Inclusionary overlay zone or conditional use.**

Inclusionary housing programs may apply to specific areas within a municipality known as overlay zones. Conditional use policies allow a developer to build under the existing zoning "by right" or build under the conditional use which would provide for a density increase. To qualify for an increase in density, the developer would have to do one of the following:

i) Incorporate roughly 20 percent of units in the development for low and moderate income households;

ii) Combine the proposed site with a second site and, of the total units proposed, incorporate roughly 20 percent for low and moderate income households (i.e. on either site);

iii) Make a substantial cash contribution to a designated local housing agency or trust, to be used exclusively for the production of low and moderate income housing.[1]

An advantage of the overlay zone over the conventional density bonus is that it may be less likely to trigger speculative land price increases than an ordinance which limits the density bonus to a small number of specific sites:

> "If the overlay zone is cast widely enough across a municipality, the probability of intensive development of any single site is small enough so that the increase in land value may be modest. If this is so, then it may provide a stronger incentive to developers to take advantage of the overlay, because the developer will be able to benefit from the greater part of the incremental land value resulting from the higher density"[2].

2.2.4 Controls on Occupancy and Affordability of Inclusionary Units

- **Resale controls aim to maintain "affordability". Preserving unit price/income ratio is key objective.**

Often, new housing units sold at below market prices and intended for first-time buyers, are purchased by speculators and "flipped" within a short time for substantial profit. To avoid or minimize this problem, a number of occupancy and affordability controls for Inclusionary units may be established.

Some jurisdictions are unwilling to establish the necessary but costly administration to monitor occupancy and affordability of Inclusionary units: such communities and municipalities place no controls on resale or on how long the original purchaser must own or occupy his/her unit. More commonly, however, Inclusionary units are created in conjunction with a program which monitors and controls the longer term affordability of the units. Common controls include resale controls, minimum occupancy requirements, contracts and deed restrictions. Resale controls may or may not be registered on title. Typically, such controls restrict resale prices to increases in: a consumer price index and/or median household income and/or market value of non-Inclusionary units. Any combination of these may be used, but resale prices are often restricted to the lowest of these increases. With some programs, provisions are made for fees (ie. cost of sale) plus the costs of any substantial improvements to an Inclusionary unit.

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[1] Inclusionary Housing Programs; Policies & Programs. Mallach, A., 1984. (Center for Urban Policy Research, Rutgers, New Jersey) p. 115-117.

[2] Ibid., p.116.

An underlying objective of resale controls is to preserve the ratio between the price of an Inclusionary unit and the income level of its occupants: if Inclusionary unit prices are uncontrolled and accelerate at a faster rate than median household income levels, the problem of affordability worsens.

- **Continuous monitoring is essential.**

Even complex controls placed on Inclusionary units, for example through deed restrictions, are not sufficient to ensure success of an Inclusionary housing program: programs must be continuously monitored in terms of production, occupancy, sales transactions and general administration. Officials who manage Inclusionary programs favour the maintenance of a listing of qualified Inclusionary unit buyers who can fill the units as they become available as well as the use of resale controls to keep Inclusionary unit prices reasonable.[1]

If resale controls are not imposed on Inclusionary units then the units can be resold shortly after they are purchased potentially at a significant profit and perhaps to households for which the units were not intended. If this is the case, then the lifespan of an affordable Inclusionary unit is only as long as the original purchasers or tenants occupy the unit.

In one California municipality, the occupant of an Inclusionary unit is typically required to live in the unit for one year. After a year, the occupant can sell the unit for whatever price the market will pay and to whomever he/she chooses. This practice does not allow for the long term maintenance of affordable units. Therefore, unless a continuous supply of Inclusionary units is built, the main objectives of an Inclusionary housing program are lost.

2.2.5 Marketing, Allocation and Administration of Inclusionary Housing

Marketing projects with Inclusionary units, determining who is eligible to purchase/occupy such units, and longer term requirements for administering Inclusionary housing can all be very cumbersome tasks. At any of these stages (marketing, allocating, administering), several parties can be actively involved: the developer and/or local government and/or a non-profit organization (e.g. housing corporation). Developers are often concerned about the potential threats Inclusionary units may present to project marketing. Each group shares the concern that production of Inclusionary units is not abused through speculation and resale, and thus has a vested interest in unit allocation (and the criteria used therefor) and administration.

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[1] "The Irony of Inclusionary Zoning". Ellickson, Robert C. (Southern California Law Review. V-54.) p. 1178.

As noted earlier, with some programs Inclusionary units are produced and sold on a first come-first served basis with no stipulations on resale and no purchaser eligibility criteria. More commonly, however, Inclusionary units are allocated and administered by a quasi-public or public non-profit agency which may or may not be complemented or supplemented by developer involvement (whether through financial contributions or direct assistance). Under some New Jersey Inclusionary housing programs, the developer is required to pay staff members of the administrative body. For instance, in the Vernon Grove development in Chatham the units are allocated and administered by a non-profit housing corporation, the developer and four municipal officers. All staff involved are paid by the developer. In the City of Los Angeles, the developer of Inclusionary units typically compiles a list of eligible buyers but local government has the final say in selecting purchasers.

In many Inclusionary programs, unit resales are closely monitored by local government, with assistance and input from a non-profit housing agency involved in the program.

2.3 Critical Observations of U.S. Programs

There are a number of critical observations of existing American Inclusionary housing programs which are particularly salient to this study of mandatory Inclusionary Zoning. These are highlighted below, and establish an important basis for Section 5 of this report which addresses the market feasibility of mandatory Inclusionary Zoning in the City of Toronto.

1. Few inclusionary units produced for low income households.

Urban land values and housing construction costs are too expensive to produce units for low income households without substantial government subsidies. Generally, the group which has benefitted the most from Inclusionary housing programs is moderate income households and only those in the upper end of the moderate income range.

2. Viewed by some as unfair tax on residential developers.

There is considerable debate concerning who should bear the costs of developing Inclusionary units, and specifically, of subsidizing production of housing for low and moderate income households. Based on the experience of the United States, planning and zoning incentives for Inclusionary housing often are not sufficient to entice developers to produce a significant number of low cost units. Furthermore, Inclusionary housing requirements are viewed by most developers as an unfair tax on residential development.

3. Cash-in-lieu opted for in many instances.

Cash payments in-lieu of providing Inclusionary units may not guarantee the provision of affordable housing. However, in the context of bonus density policies, off-site lands and cash-in-lieu payments have been used in Toronto to build social housing. We believe that such an approach is one means to fulfilling objectives for socio-economic integration in the City of Toronto context. New housing in the City is being achieved through site redevelopment and, provided Inclusionary housing is not targeted to a small number of sites in the City, integration of such units with market-rate housing could successfully be achieved.

4. Integration does not seem to have created socio-economic tensions.

From our literature review and discussions with various Inclusionary housing program administrators and policy-makers, integrating market-priced and below-market-priced housing generally does not seem to have led to socio-economic tensions or "stigmatization" of Inclusionary unit purchasers. However, in the condominium housing context, the potential impacts of Inclusionary units integrated with market-rate units could possibly affect the market position of a specific development and may pose longer term problems from an operational perspective if Inclusionary unit purchasers cannot afford condominium maintenance fees.

5. Should cash-in-lieu option apply to all project types?

Cash payments in-lieu of providing Inclusionary units may be an appropriate alternative for very small projects, luxury projects, or "prime location" sites where land values are exorbitantly high. An important consideration of the cash in-lieu approach to providing Inclusionary units is whether in-lieu payments are applied uniformly to all developments or whether they are considered on a project by project basis at the request of the developer and/or the discretion of municipal government. Further, how might the public perceive Inclusionary housing units and what bearing, if any, should this have on cash-in-lieu policies?

The above overview highlights basic parameters and issues associated with the Inclusionary housing concept based on American experiences. The remainder of the report examines the feasibility of the concept in the City of Toronto from market, design and economic perspectives.

3.0 HOUSING AFFORDABILITY IN THE TORONTO CONTEXT

3.0

The problem of housing affordability is not unique to American cities nor is it a new concept in Toronto. The Toronto Census Metropolitan Area(CMA)[1] (among other Canadian metropolitan regions), continues to face increasingly widespread housing affordability problems, largely brought about by strong economic and employment growth over the past two decades, consequent high demands for housing and underlying inflationary factors in the economy. A cumulative effect of these factors has been rapid escalations in land values which have pushed housing prices well beyond the means of many "would-be" first time homebuyers.

This section of the report provides an overview of various working definitions of "housing affordability," the nature and extent of the affordability problem in the Toronto CMA and the implications of the general supply and demand of housing for an Inclusionary Zoning program.

3.1 Defining "Affordable Housing"

- **Numerous interpretations/definitions of "affordable housing".**

Various interpretations and definitions of "affordable housing" are used by housing analysts and policy-makers. For the purpose of understanding "housing affordability" in the Toronto context, Table 1 provides a comparison of the meanings of the concepts used in the Province of Ontario Policy Statement on Land Use Planning for Housing, by the City of Toronto, and by the Canada Mortgage and Housing Corporation (CMHC).

- **City of Toronto has adopted a different definition of "Housing Affordability" than the Province.**

There are fundamental differences between the Provincial and City of Toronto applications of the affordability concept. The Provincial Policy Statement ties affordability to private households within the lowest 60 percent of the overall average income distribution for all households (owner occupied and tenant) combined, and assumes a gross debt service ratio of 30 percent[2]. The City of Toronto has adopted an approach which differentiates between owner and tenant incomes given that on average tenant household incomes are little more than one-half of owners' incomes. The City defines "Affordable Housing" generally as that housing which would have rents or prices that would be affordable to households within the lowest 60 percent of the income distribution for tenant households of various sizes and composition within the

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[1] The Toronto CMA is comprised of the Regional Municipalities of Metropolitan Toronto, Peel and York, Pickering, Ajax, Uxbridge, Orangeville, Oakville, Milton and Halton Hills.

[2] Annual costs in mortgage principal, interest and taxes should not exceed 30 percent of a household's gross annual income.

TABLE 1 - COMPARISON OF DEFINITIONS AND ASSUMPTIONS OF "AFFORDABLE HOUSING"

ASSUMPTIONS	Ontario Provincial Policy Statement on Land Use Planning for Housing (using "1990 Information Bulletin")	City of Toronto (as per Council adoption of Recommendations in July 5/90 Planning and Development Dept. Report to Land Use Committee)	Canada Mortgage and Housing Corporation (as per January 1991 CMHC "Canadian Housing Markets" Analysis of Affordability in Canadian Census Metropolitan Areas based on National Housing Act - insured homes)
"Affordable Housing" (Definition)	"Housing which would have a market price or rent that would be Affordable to households of low and moderate income. Households of low and moderate income are defined as households within the lowest 60 percent of the household income distribution for the Housing Region. Affordable Housing could also include any government assisted housing recognized, from time to time, as Affordable Housing by the Minister of Housing." (Note: Includes all housing produced under non-profit housing programs.)	"Housing which would have rents or prices that would be "Affordable" to households within the lowest 60% of the income distributions for tenant households of various sizes and composition with the Toronto CMA; and which would be provided primarily for occupancy by such households. "Affordable Housing includes "Social Housing" as defined in the City of Toronto Act, 1988 and any other government assisted housing which the City of Toronto may recognize as Affordable Housing from time to time.	CMHC uses 5 basic indicators to determine "affordability" of ownership housing: i) Household Income - Ave. income of private households aged 20-44 and with income above core need income thresholds. Core need income thresholds are the eligibility income levels for NHA social housing programs. ii) Ave. Start House Prices - based on NHA insured homes. (NHA has traditionally been used by 1st-time buyers to allow them to purchase a home.) - includes singles, semi-attached, new and mobile housing as well as apt. condos. iii) Monthly Mortgage Cost - principal and interest associated with the ave. starter home price, assuming 10% downpayment. Mortgage insurance premiums added to mortgage balance. iv) Property Taxes - representative of a starter home. Data from Statistics Canada. v) Heating Costs - representative of a starter home. (Data from Energy, Mines & Resources)
"Affordable" (Definition)	"Annual housing costs (gross rent, or mortgage principle and interest (amortized over 25 years and assuming a 25% down-payment) and taxes) which do not exceed 30% of gross annual household income."	Annual costs which do not exceed 25% of gross annual income in the case of rental housing, and 30% in the case of ownership housing.	
Household Income Percentile Benchmark	60th Percentile of the income distribution for all private households within the Housing Region.	60th Percentile of the income distributions for tenant households of various sizes and composition within the Toronto CMA.	(see (i) above.)

TABLE 1 (cont'd) - COMPARISON OF DEFINITIONS AND ASSUMPTIONS OF "AFFORDABLE HOUSING"

ASSUMPTIONS	Ontario Provincial Policy Statement on Land Use Planning for Housing (using "1990 Information Bulletin")	City of Toronto (as per Council adoption of Recommendations in July 5/90 Planning and Development Dept. Report to Land Use Committee)	Canada Mortgage and Housing Corporation (as per January 1991 CMHC "Canadian Housing Markets" Analysis of Affordability in Canadian Census Metropolitan Areas based on National Housing Act - insured homes)
Gross Debt Service Ratio	30%	25% for rental housing 30% for ownership housing	32%
Downpayment	25%	25%	10% (NHA insured homes are typically purchased by young 1st-time buyers with less than a 25% downpayment)
Property Tax Rate	1% of house value	1% of house value	1.226% (Jan-Jun 1990)
Condominium Fees	1% of house value	1% of house value	1.05% (Jul-Dec 1990)
Mortgage Interest Rate	12.25%	12.25%	based on 3 yr. term closed mortgage: 13.5% (Jan-Jun 1990) 12.5% (Jul-Dec 1990)
Amortization Period	25 years	25 years	25 years
Maintenance of "Affordability"	In accordance with local or regional official plan policies and monitoring programs.	At least 35 years on non-profit housing projects (35 yrs. is typical amortization period for insured mortgages on non-profit housing projects).	(Not Applicable)
Toronto Household Income Benchmark	$55,800[1]	$36,017[2]	$55,970[3]
1990 - Toronto Affordable Price	$157,500[1]	$97,2002 (Condominium)[2] $100,800 (Freehold)[2]	$128,150 maximum[3]
1990 - Toronto Affordable Rent	$1,400/mo.[1]	$750/mo.[2]	(Not Applicable)

Prepared by: Malone Given Parsons Ltd. (February 1991)

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[1] Based on 60th Percentile of Household Income for Ministry of Housing Region 8 which includes:
Toronto CMA (includes the Municipality of Metropolitan Toronto; Regional Municipalities of Halton (excluding the City of Burlington), York, Peel; Towns of Ajax, Bradford, Orangeville, Pickering; Townships of Tecumseth, Uxbridge, West-Gwillimbury; Villages of Beeton, Tottenham) and Oshawa CMA (includes the City of Oshawa; Towns of Newcastle, Whitby)

[2] Based on 60th Percentile of Tenant Household Income for Toronto CMA (Discussed in Section 4 of this report).

[3] Based on average income of private (family and non-family) households aged 20-44 and with income above core need income thresholds (from Table 2).

Toronto CMA and which would be provided primarily for occupancy by such households. The City further defines "Affordable" as annual housing costs which do not exceed 25 percent of gross annual household income in the case of rental housing and 30 percent in the case of ownership housing. Both the Provincial and City definitions of Affordable Housing include social housing and any other government assisted housing which each respectively deems as "Affordable Housing".

Using the Provincial definition, Affordable Housing in the Toronto CMA is that which is priced up to $157,500 (based on a 60th percentile income for owner and tenant households of $55,800) or renting for no more than $1,400 per month. The City of Toronto definition, however, suggests that housing prices should be based on lower average tenant household incomes and household composition.

- **Provincial affordability targets substantially overestimate affordable housing levels for tenant households.**

We concur with the City of Toronto's definitions of "Affordable Housing", particularly as it relates to the application of Inclusionary Zoning and new housing prices in the City of Toronto. The Ministry of Housing's affordable housing price and rent ceilings for households within the Toronto CMA, as provided in the November 1990 Information Bulletin to the Policy Statement on Land Use Planning for Housing and indicated on Table 1, reflect an assumption that all households can afford to pay 30 percent of their gross income for housing. However, this does not seem to be true for tenant households, given that such households generally do not accumulate equity, tax sheltered savings or potential homeownership capital gains. Spending 30 percent of income on rent also substantially limits their ability to save sufficient downpayment for a home. The City of Toronto estimates that over 80 percent of all tenant households in the Toronto CMA fall below the estimated income ceiling set by the Province.[1]

- **CMHC assumptions for determining maximum affordable starter house prices may be optimistic.**

The CMHC measure introduced to determine housing affordability for each Canadian Census Metropolitan Area uses five basic indicators: household income, average starter house prices, monthly mortgage costs, property taxes and heating costs. This affordability measure is based on National Housing Act (NHA) requirements for insured mortgages, including a minimum 10 percent downpayment. Conventional mortgages, however, require a minimum

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[1] City of Toronto, Planning and Development Department, (V. Silzer), "Approved Provincial Policy Statement: Land Use Planning for Housing." Report to Land Use Committee. July 5, 1990. (Appendices 4 and 9.)

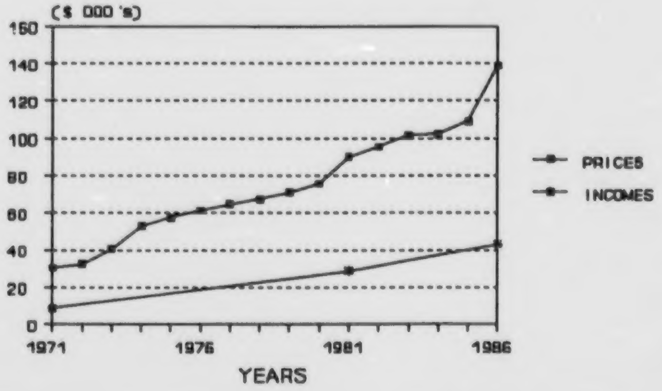
25 percent downpayment. This distinction is critical to an analysis of housing affordability, given that many households are prevented from purchasing because, even though they may be able to afford the carrying costs of a home, they do not have access to the necessary downpayment. Similarly, NHA-insured mortgages are based on a maximum 32 percent gross debt service ratio, whereas most mortgage lenders cap this ratio at 30 percent.

3.2 Housing Affordability Problem

- **Housing prices have escalated much faster than average household incomes.**

Over the past two decades, housing prices in the Toronto area have escalated much faster than average private household incomes and this has made homeownership increasingly difficult to achieve for many households. (See Figure 2.)

Figure 2: COMPARISON OF AVERAGE HOUSE PRICE AND HOUSEHOLD INCOME INCREASES, TORONTO CMA, 1971-1986



Source: Statistics Canada, 1971,1981,1986 Censuses and TREB Property and Price Sales data. Prepared by Malone Given Parsons Ltd.(February, 1991).

Notes: Average private Household Income levels are for Toronto CMA, derived from Statistics Canada data. Comparable data for 1976 is unavailable. Figures reflect mean averages of private households. Average house price data is for the TREB District which is slightly larger geographically than, but includes the Toronto CMA.

- **Only an estimated 10-11 percent of renters (ages 20-44) in Toronto can afford carrying costs of homeownership.**

Based on the CMHC housing affordability measure, the Toronto CMA contains one of the lowest percentages (10.7 percent) of renters (ages 20-44) who can afford the carrying costs of a new starter home which currently averages an estimated $192,000 in the CMA. (See Table 2). (Only Oshawa CMA is lower at 10.3 percent). Renting family households are in a slightly stronger position at 13 percent, while only 7.3 percent of renting non-family households can generally afford to carry the costs of a new starter home. In fact, these percentages may be lower still if conventional mortgages are used, requiring a minimum 25 percent downpayment and a maximum 30 percent gross debt service ratio. (By comparison, CMHC factors a 10 percent downpayment and a 32 percent gross debt service ratio, as parameters for NHA - insured mortgages, into its analysis of affordability.)

- **"Affordability" is location-sensitive.**

There are certain locations within the Greater Toronto area which generally are more affordable than others, especially for starter-type houses. Generally, land values decrease proportionately with distance from downtown Toronto and, hence, so do house prices. Table 3 provides a housing price comparison for standard two-storey (1,500 sq. ft.) and executive detached (2,000 sq. ft.) homes throughout Metro, York, Peel and Durham Regions. This table confirms that the least expensive "starter" homes within Metro ($200,000 - Central Scarborough; $205,000 - East York/Danforth) and average prices in the surrounding Regions are beyond the means of the vast majority of renter households in the Toronto CMA.

Further, exorbitantly high land costs in downtown Toronto dictate that more starter homes are built in suburban areas and that such homes in the suburbs generally can be larger and potentially more attractive than Inclusionary starter homes built in the central city.

- **"Baby Boom" generation (and in-migration) contributed significantly to Toronto's housing supply/demand imbalance.**

The "Baby Boom" generation, which occurred between the mid-1940's and early 1960's, created a pent up demand for housing. This segment of the population, now in their early 30's to mid-40's, created an enormous demand for both first-time and move-up housing. In attempting to accommodate these demands, housing supply increased dramatically throughout much of the 1980's (excepting the recessionary periods of 1981-82 and 1989-90). In Metropolitan Toronto (Metro) alone, total annual housing starts jumped from roughly 6000-8500 in the early 1980's to nearly 12,000 in 1988. (See Appendix B1.)

Table 2a - COSTS AND INCOMES FOR CMHC AFFORDABILITY INDICATOR, 1990

CMA	Average Starter House Price($)		Monthly Mortgage Cost($)		Annual Taxes ($)		Annual Heating ($)		Monthly Total Carrying Cost($)		Income Required To Carry Mortgage($)	
	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
Toronto	179,640	192,030	1,703	1,932	2,203	2,019	570	570	1,934	2,148	72,530	80,540
Sudbury	85,020	85,940	837	902	1,637	1,422	700	700	1,032	1,079	38,690	40,470
London	113,360	110,380	1,116	1,159	1,684	1,518	590	570	1,305	1,333	48,950	49,980
Oshawa	143,750	151,950	1,389	1,558	1,930	1,750	550	550	1,596	1,750	59,840	65,610
Thunder Bay	80,880	84,430	796	886	1,520	1,383	730	730	984	1,062	36,890	39,840
Hamilton	127,860	130,830	1,250	1,361	2,057	1,811	580	560	1,470	1,558	55,110	58,440
Vancouver	134,850	142,360	1,311	1,468	1,860	1,803	410	410	1,500	1,653	56,260	61,980
Montreal	89,940	89,140	865	936	2,115	1,932	980	910	1,143	1,173	42,870	43,970
Ottawa	117,730	115,970	1,159	1,217	2,561	2,369	620	620	1,424	1,467	53,400	55,000

Source: CMHC - Canadian Housing Markets, January 1991. (Based on data from CMHC, Statistics Canada and Energy, Mines & Resources.)

90-418\Table.2a

Table 2b - PERCENT OF RENTERS WHO CAN AFFORD TO BUY A HOME, 1990

FAMILY		NON-FAMILY		TOTAL	
Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
13.0	8.7	7.3	5.0	10.7	7.2
29.5	26.6	18.2	16.0	26.0	23.4
20.5	19.4	8.8	8.1	15.3	14.4
11.3	7.7	7.3	4.0	10.3	6.8
47.3	41.9	28.0	23.0	40.4	35.2
15.6	12.4	7.1	5.6	12.3	9.8
17.1	12.4	7.6	5.6	12.4	9.0
28.8	27.2	12.5	11.7	22.1	20.8
14.7	13.0	6.4	5.9	12.0	10.6

Table 3
SUMMARY OF HOUSE PRICES (NEW AND RESALE) IN THE TORONTO CMA, JULY 1988-JULY 1990

Location	STANDARD TWO-STOREY 3-bedroom, 2 storey home, detached or semi detached 1,500 sq.ft. on a 3,500 sq.ft. lot.						EXECUTIVE DETACHED TWO-STOREY 3-bedroom, 2 storey home, detached 2,000 sq.ft. on a 6,500 sq.ft. lot					
	Price			Index			Price			Index		
	Jul '90	July '89	July '88	'90	'89	'88	Jul '90	July '89	July '88	'90	'89	'88
Central Toronto	N/A	N/A	N/A	N/A	N/A	N/A	$600,000	$650,000	$550,000	100	100	100
Don Mills - (East)	$300,000	$345,000	N/A	75	77	N/A	390,000	460,000	N/A	65	71	N/A
Downsview	300,000	360,000	275,000	75	80	86	395,000	450,000	356,000	66	69	65
East York/Danforth	205,000	210,000	200,000	51	47	63	N/A	N/A	N/A	N/A	N/A	N/A
North Toronto	360,000	380,000	350,000	90	84	109	545,000	545,000	450,000	91	84	82
The Annex	N/A	N/A	N/A	N/A	N/A	N/A	385,000	450,000	385,000	64	69	70
Willowdale	**400,000**	**450,000**	**320,000**	**100**	**100**	**100**	450,000	520,000	385,000	75	80	70
Scarborough - (Agincourt)	N/A	N/A	N/A	N/A	N/A	N/A	355,000	375,000	285,000	59	58	52
Scarborough - (Central)	200,000	220,000	200,000	50	49	63	290,000	330,000	285,000	48	51	52
Scarborough - (West Hill)	235,000	245,000	225,000	59	54	70	325,000	375,000	325,000	54	58	59
Etobicoke - (Islington/Kingsw4y)	340,000	375,000	325,000	85	83	102	450,000	500,000	385,000	75	77	70
York												
Markham/Unionville	$225,000	$250,000	$220,000	56	56	69	$280,000	$315,000	$255,000	47	48	46
Newmarket	190,000	216,000	170,000	48	48	53	235,000	265,000	225,000	39	41	41
Richmond Hill	235,000	260,000	220,000	59	58	69	285,000	305,000	245,000	48	47	45
Thornhill	250,000	280,000	235,000	63	62	73	340,000	369,900	275,000	57	57	50
Peel												
Mississauga	$190,000	$210,000	$164,000	48	47	51	$255,000	$285,000	$250,000	43	44	45
Meadowvale/Streetsville	210,000	235,000	N/A	53	52	N/A	265,000	285,000	220,000	44	44	40
Oakville	N/A	N/A	N/A	N/A	N/A	N/A	305,000	290,000	245,000	51	45	45
Brampton/Bramalea	200,000	200,000	164,000	50	44	51	250,000	265,000	212,000	42	41	39
Durham												
Ajax	$190,000	$205,000	$173,000	48	46	54	$220,000	$250,000	$225,000	37	38	41
Pickering	188,000	220,000	190,000	47	49	59	270,000	315,000	250,000	45	48	45

N/A = Data not available for this area.

Source: Royal LePage Survey of Canadian House Prices (Summer 1989 & Summer 1990)

Prepared by: Malone Given Parsons Ltd. (February 1991)

Notes: Housing price data reflects Royal LePage's estimate of "Fair Market Value" of certain housing types in each location for the value date indicated and is based on both data and opinion supplied by Royal LePage Real Estate personnel across Canada.
Indices for standard two-storey were calculated using Willowdale as a base and for executive detached two-storey Central Toronto was used a base.
Indices are calculated by Malone Given Parsons to indicate relative housing prices within the Toronto CMA (eg. $390,000 for Don Mills (East) Executive Detached Two-Storey = 65% of $600,000 Central Toronto price for similar housing type.)

Compounding the supply/demand imbalance largely created by the Baby Boom generation, was an influx of in-migrants to the Greater Toronto Area, particularly in the latter 1980's. The vast majority of these in-migrants (international and intraprovincial) came to the GTA during an extremely buoyant economy in search of jobs and housing. A result of these combined forces was that house prices were forced upward rapidly during the second half of the 1980's as the industry tried to keep pace with demand. In turn, spiralling house prices intensified the region's problems of affordability, particularly for the first-time homebuyer.

- **Municipal planning/zoning practices contributed to affordability problem in Toronto market.**

Local municipal planning policies and zoning restrictions have also contributed to the housing affordability problem in the Toronto market. Of particular note are density restrictions which limit the potential floor space and/or unit yield for a residential site. In the City of North York, for example, typical floor space indices (F.S.I.) on high-rise residential sites are capped at 2.5 as-of-right, whereas the City of Toronto may, in some cases of mixed use development, permit an F.S.I. of 13 to 15 by way of an Official Plan amendment.

- **Gap between low income tenant households and upper middle income households has been increasing.**

The gap between low income tenant households and upper middle income households has been increasing over the years in the Toronto market. Income levels have not been keeping pace with the rising costs of both owning a home and living in Toronto, making it increasingly difficult for the lower end of the housing market to buy a house. Adding to this problem, the residential development industry, especially during the 1980's, has focused on the production of upscale or move-up housing creating a dearth of production in new housing for first-time homebuyers.

3.3 Implications for Toronto Program

- **Despite recent declines in housing prices still strong supply/demand imbalance for low and middle income households.**

CMHC data reveals a significant decline in Metro Toronto housing starts since late 1989. Total ownership housing starts in Metro dropped from well over 9,200 in 1988 to less than 5,000 in 1990 (to end of October only). This trend is perhaps most apparent for apartment condominiums. Whereas the Cities of Toronto, North York and Scarborough generally have boasted strong condominium activity in recent years, a close examination of starts and completions data reveals that new condominium construction has fallen dramatically below peak 1988 levels. (See Appendix B2).

As housing starts dropped, so too did the "superinflated" housing prices in the Toronto market. Major factors contributing to these declines include: a glut of new homes in the higher end of the price range brought about by overbuilding in the late 1980's; economic recession; and political uncertainty. While lower house prices over the past year combined with enticing financing packages generally have allowed a number of upper middle income households to enter the housing market, there has been minimal benefit to low and middle income tenant households. Even the lowest-priced housing is beyond the means of these groups whose purchasing power is being further eroded by high interest rates and taxes.

- **Industry expected to concentrate more on first-time homebuyer market in 1990's.**

While it is clear Toronto is presently faced with economic recession, gradual declines in interest rates suggest the worst part of the recession may be coming to an end. There appears to be a general consensus within the industry that the first-time homebuyer market will play an increasingly important role in the 1990's. This will likely mean concerted efforts on the parts of government and the housing industry to create more innovative and efficient design, small "starter" units, and increased incentives to meet a wider range of needs of this market segment. However, in the absence of specific housing policies for such programs as mandatory Inclusionary Zoning, there is a strong likelihood that low and middle income households will continue to be left out of the homeownership market.

4.0 TORONTO'S CONDOMINIUM MARKET:
SUPPLY AND PRICE TRENDS

4.0 SUPPLY AND PRICE TRENDS

The purpose of this chapter is to examine the condominium supply pricing trends in the Toronto market. These trends form an important basis for Section 5 of this report which assesses the market feasibility of an Inclusionary Zoning program in the City.

4.1 Historical Perspective

- **The condominium was viewed as entry vehicle to ownership housing but soon became unaffordable.**

When the first Condominium Act in Ontario was put in place in 1967, industry and government viewed the condominium as a solution to the problem of affordable ownership housing for first-time buyers. The condominium concept, which allows owners to hold title to their own units while sharing title to the land and common areas of the project, was seen as a relatively inexpensive form of ownership housing through which maintenance and operating costs would be shared. Through much of the 1970's, first-time ownership was facilitated by federal and Provincial Home Ownership Programs. Initially, the densities of condominium projects (usually townhouses and mid/high-rise apartments) allowed developers to market units at relatively low prices and meant that many first-time buyers were able to enter the ownership market without paying the relatively high prices associated with single and semi-detached units.

Unfortunately, it soon became evident that condominium ownership was becoming too expensive for first-time buyers in the Toronto area: increasing land values and expensive packages of services and amenities pushed condominium prices well beyond the price ceilings set by available Home Ownership plans. Compounding these problems, a negative market attitude towards the condominium in the early 1970's was created because of a "glut" in the market, a lack of resale opportunity and inadequate legislation to protect the purchaser.

- **The 1980's resulted in widespread market acceptance of the condominium.**

It generally was not until the 1980's that condominium ownership gained widespread market acceptance. Heightened public awareness and changes in condominium legislation contributed to a dramatic increase in popularity of the condominium, particularly in large urban centres such as the City of Toronto. (See Figures 3 and 4).

Figure 3: CONDOMINIUM UNITS BY YEAR OF REGISTRATION (1969-1988)

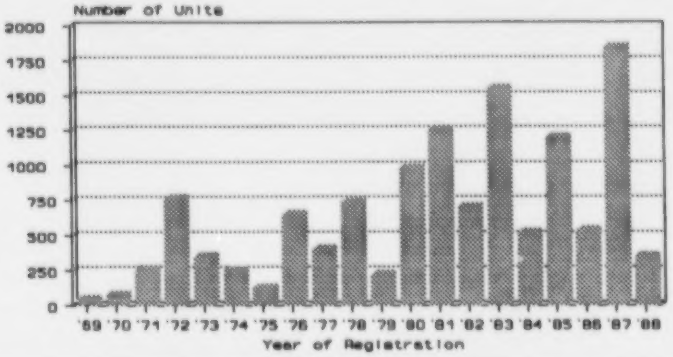
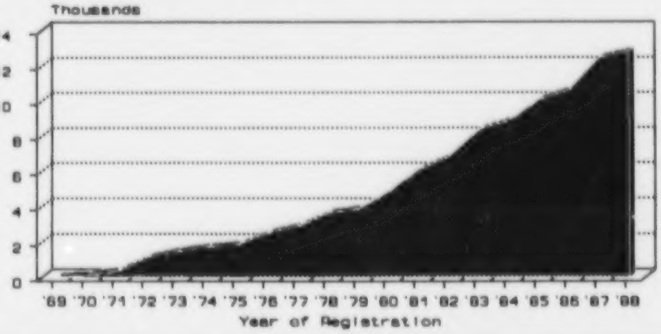


Figure 4: GROWTH OF REGISTERED CONDOMINIUMS, CITY OF TORONTO (1969-1988)



Source: Condominium Monitor '88, City of Toronto Planning & Development Department (December 1988), based on 1987 Assessment File records.

Prepared by: Malone Given Parsons Ltd. December 1990, Revised March 1991.

- **Prominence of new investment conscious, "lifestyle" purchasers.**

Today, the possible range of market targets for condominiums has expanded to include: "adult lifestyle" purchasers; empty-nesters; seniors; singles; families; recreational purchasers (e.g. the Collingwood condo market); purchasers with weekend, winter or other vacation properties elsewhere; and, corporate purchasers (e.g. client and hospitality suites). While condominiums still appeal to part of the first-time buyer market, today's "typical" condominium focuses on "luxury" product and purchasers generally are highly investment conscious and/or buy into a condominium as a lifestyle choice.

4.2 Overview of Existing Supply

- **City provides almost 13% of total condominiums in Toronto CMA.**

As of June 1988, the City of Toronto contained roughly 13,400 registered condominium units, an additional 4,700 units proposed (ie. formally applied for and/or under construction and/or completed but not yet registered) and 10,900 units intended but not yet formally applied for[1]. Since that time, almost 3,900 condominium units have been completed and/or registered[2]. Now with over 17,300 completed units, the City provides 13% of the total condominium stock in the Toronto CMA. The City's stock is surpassed only by North York, Mississauga and Scarborough. (See Map 1.)

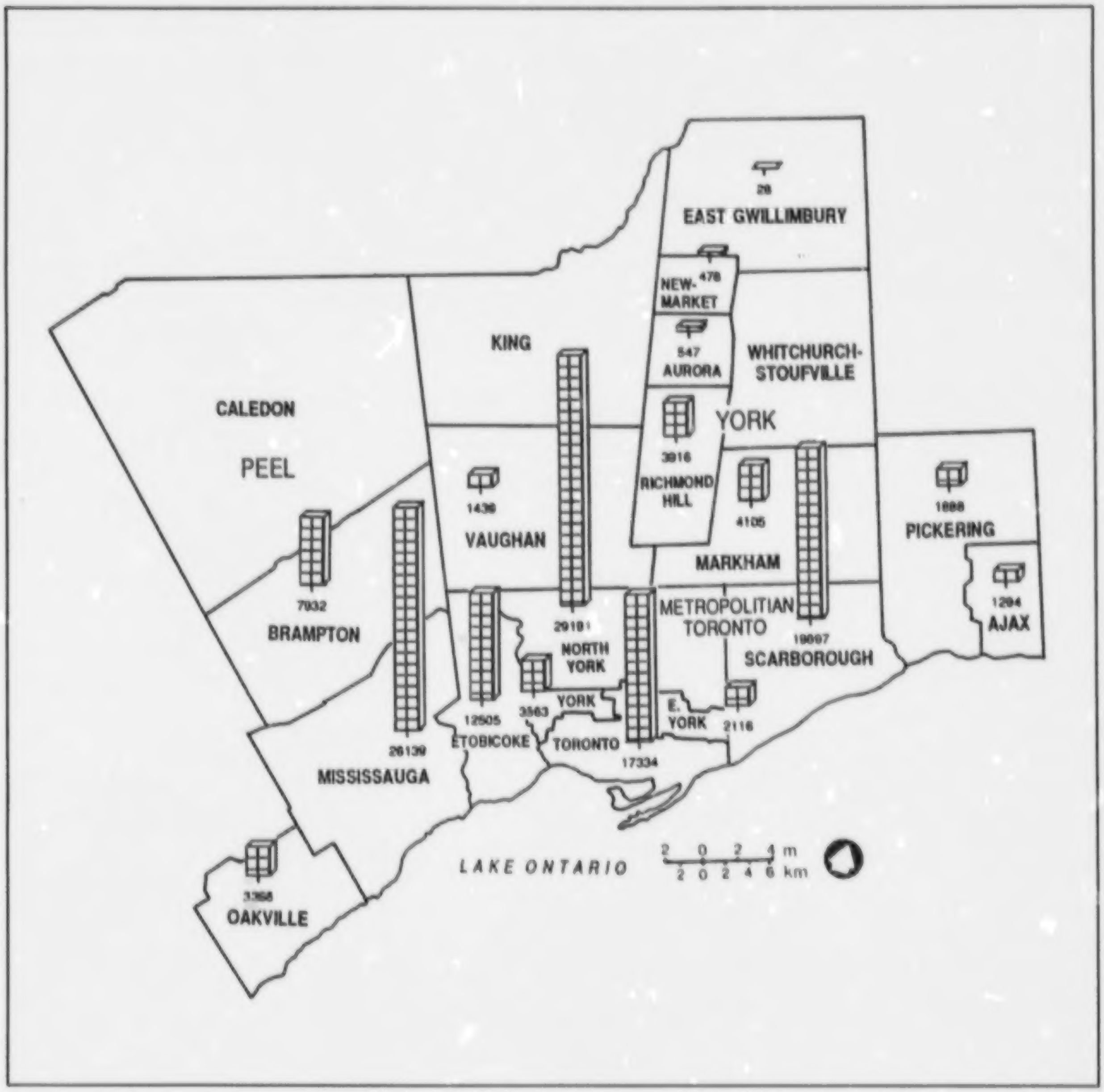
- **Overwhelming majority of condominiums in City are apartments.**

The City of Toronto's existing housing stock comprises apartments (39%), semis (21%) and fully detached units. Condominiums represent roughly 5% of total dwellings in the City. Almost 80% of these are in apartment form. (See Figure 5).

---

[1] Source: Condominium Monitor '88, City of Toronto Planning and Development (December 1988)

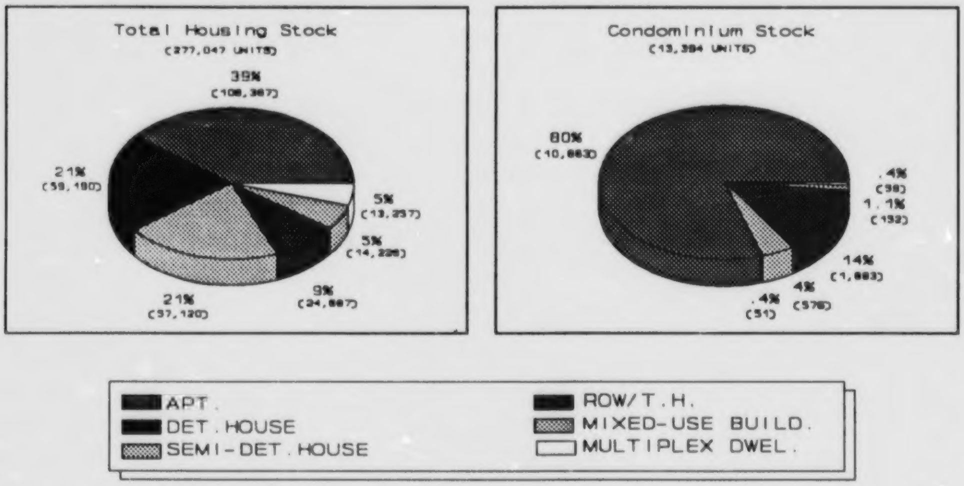
[2] CMHC Local Housing Market Report (July 1988 to Aug. 1990) - Toronto Branch


28
EAST GWILLIMBURY
NEW-MARKET
478
547
AURORA
WHITCHURCH-STOUFVILLE
KING
CALEDON
PEEL
YORK
3916
RICHMOND HILL
4105
MARKHAM
1888
PICKERING
1294
AJAX
1436
VAUGHAN
7932
BRAMPTON
29181
NORTH YORK
METROPOLITAN TORONTO
19697
SCARBOROUGH
26139
MISSISSAUGA
12505
ETOBICOKE
3563
YORK
TORONTO
17334
E. YORK
2116
3368
OAKVILLE
LAKE ONTARIO
2 0 2 4 m
2 0 2 4 6 km

Map 1: Distribution of Existing Condominium Units in Toronto CMA (As of August 1990)

Source: Condominium Monitor '88, City of Toronto Planning and Development Department (December 1988).
Updated by Malone Given Parsons Ltd.(December 1990), using CMHC Local Housing Market Reports, 1981-1990(August): Toronto Branch.

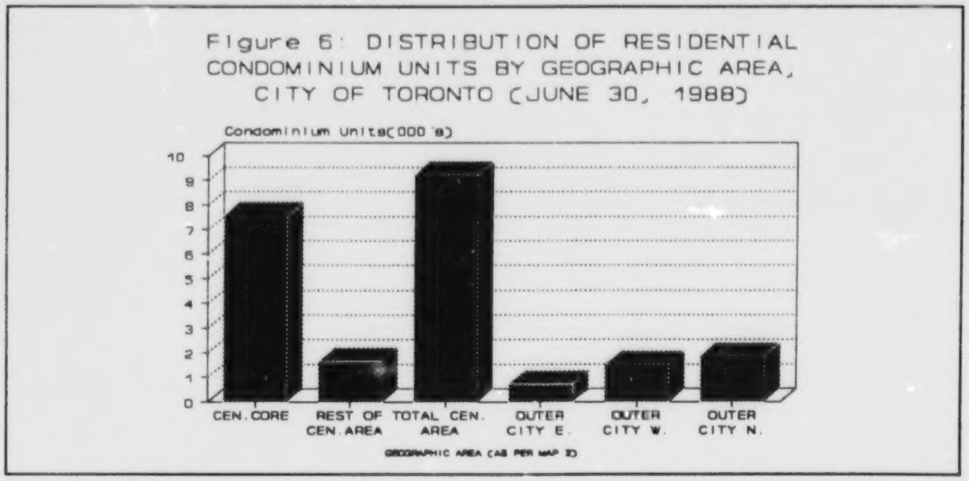
Figure 5: CONDOMINIUMS AND OTHER HOUSING STOCK BY UNIT TYPE, CITY OF TORONTO (JUNE 30, 1988)



Notes: Bracketed figures indicate number of units. Total Housing Stock includes Condominium Units.
Source: Condominium Monitor '88, City of Toronto Planning & Development Department (December 1988)
Prepared by: Malone Given Parsons Ltd. December 1990, Revised March 1991.

- **Vast majority of condominiums are in the City's Central Area.**

Figure 6 indicates the distribution of condominium units in the City of Toronto by geographic area. Almost 70% of the City's existing condominium stock is in the Central Area of the City. (See Map 2).



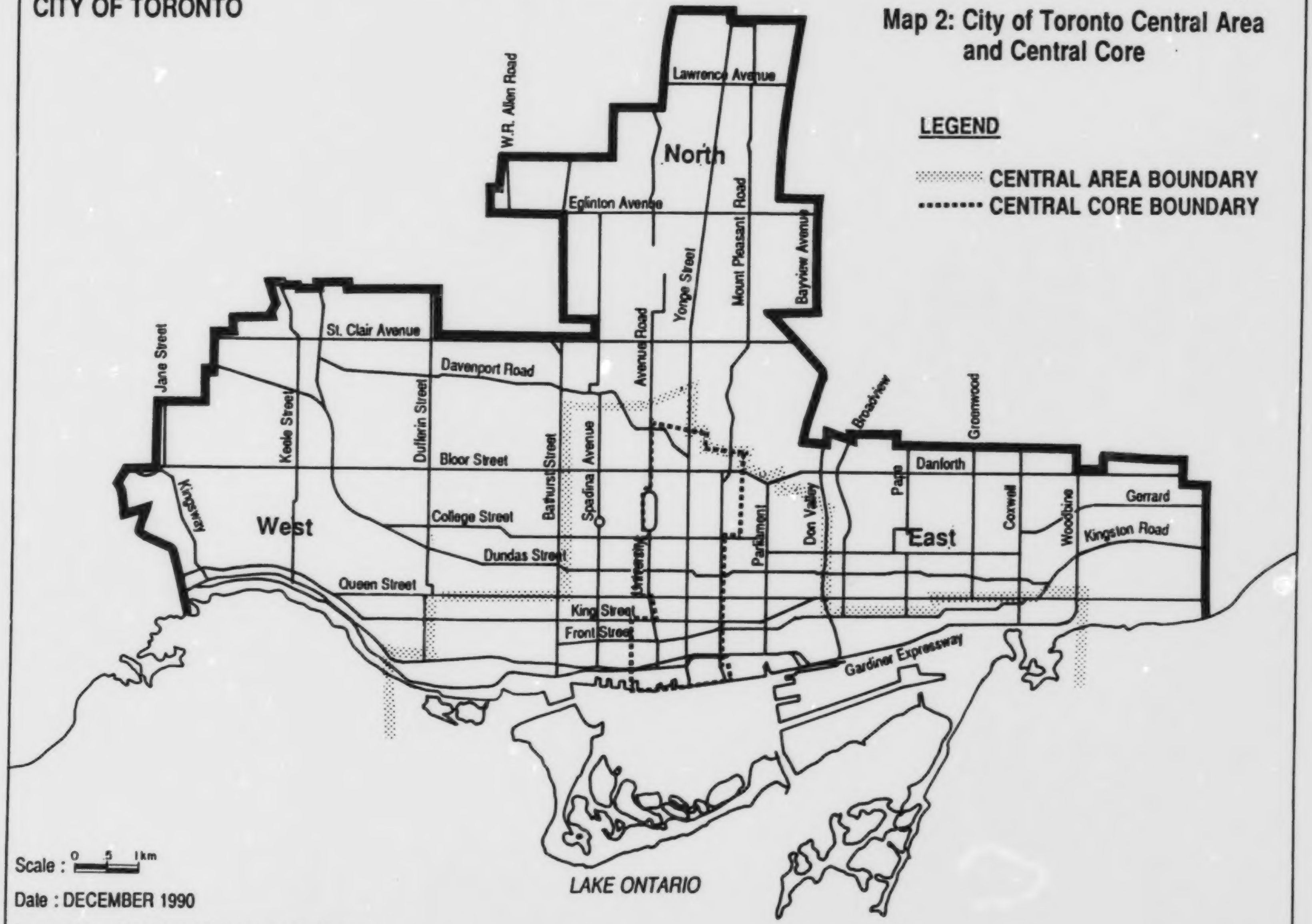
Notes: Bracketed figures indicate number of units. Total Housing Stock includes Condominium Units.
Source: Condominium Monitor '88, City of Toronto Planning & Development Department (December 1988)
Prepared by: Malone Given Parsons Ltd. December 1990, Revised March 1991.

CITY OF TORONTO

Map 2: City of Toronto Central Area and Central Core

LEGEND

▨ CENTRAL AREA BOUNDARY
-------- CENTRAL CORE BOUNDARY


W.R. Allen Road
Lawrence Avenue
North
Eglinton Avenue
Mount Pleasant Road
Bayview Avenue
Yonge Street
Avenue Road
St. Clair Avenue
Jane Street
Davenport Road
Keele Street
Dufferin Street
Bloor Street
Bathurst Street
Spadina Avenue
Broadview
Greenwood
Danforth
Pape
Gerrard
Kingston Road
Woodbine
Coxwell
East
Don Valley
Parliament
University
Kingsway
West
College Street
Dundas Street
Queen Street
King Street
Front Street
Gardiner Expressway
LAKE ONTARIO

Scale : 0 .5 1km

Date : DECEMBER 1990

Prepared by : MALONE GIVEN PARSONS LTD.

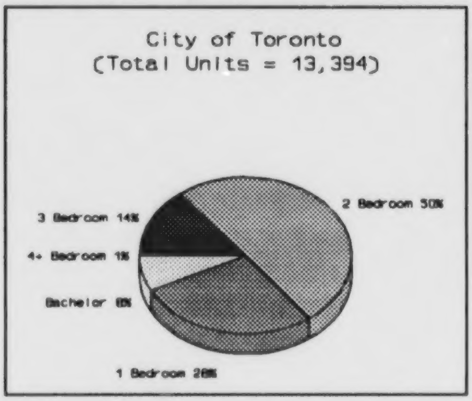
- **Emphasis on two and one bedroom and bachelor units in Central Area, while significant portion outside of Central Area are three bedrooms.**

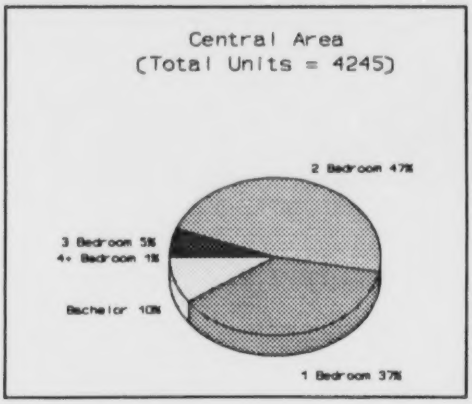
Half of the existing condominiums in the City of Toronto provide two bedrooms, but one bedroom (28%), three bedroom (14%) and bachelor (8%) are also important. (See Figure 7.) There is a marked difference in the unit size distribution between the Central Area of Toronto and the peripheral areas. Nearly half of the Central Area's supply is two-bedroom units, more than one third is one bedroom units and over 10% are bachelors. By comparison, outside the Central Area almost 90% of the total condominium stock comprises two (57%) and three (32%) bedroom units with much fewer one bedroom and bachelor units[1]. This trend toward more bedrooms in condominium suites outside of the Central Area is an important consideration for Inclusionary Zoning: peripheral locations within the City of Toronto may be in a better market position to accommodate family households in Inclusionary units.

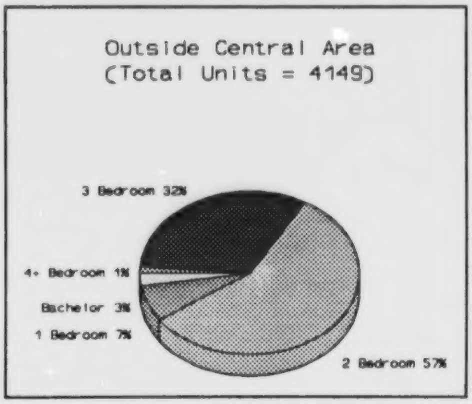
Figure 7: UNIT MIX OF REGISTERED RESIDENTIAL CONDOMINIUMS BY GEOGRAPHIC AREA, CITY OF TORONTO (JUNE 30, 1988)

Source: Condominium Monitor '88, City of Toronto Planning and Development Department (December 1988)

Prepared by: Malone Given Parsons Ltd. December 1990 (Revised March 1991)







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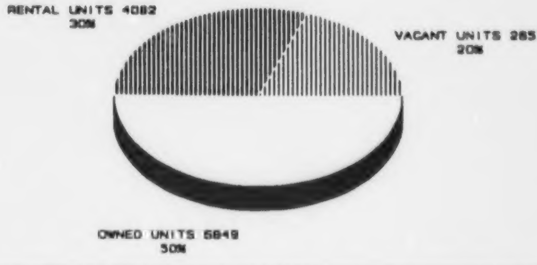
[1] One reason for more provision of smaller units in the Central Area is that at least one-third of the condominium apartment stock consists of rental apartment buildings registered as condominiums, providing important tax and other advantages.

- **Over half of condominium units in Toronto are owner-occupied and an additional one-third are rented.**

The proportion of owner-occupied and renter-occupied condominium units in the City of Toronto is typically subject to annual fluctuations. Many condominium units in the City have been bought by speculators and rented out: the extent of such speculation has a significant bearing on the number of owner-versus renter-occupied units. "Rentability" is also a factor: location, the nature of amenities provided, rental prices, rental vacancy rates and the cost of purchasing a home all bear directly on the "rentability" of a condominium unit.

Based on 1987 Assessment File records, approximately 54% of registered condominium units in the City of Toronto were owner occupied, while 32 percent were rented. The remaining 13% were vacant, reflecting the large number of new units nearing completion or recently completed. (See Figure 8). The City's 1989 Central Area Residents Survey suggested that the proportion of rented condominium units is slightly higher in the Central Area than in the City as a whole: 37% rented versus 63% owned.

Figure 8: CONDOMINIUM UNITS BY OCCUPANCY TYPE, CITY OF TORONTO (1987)

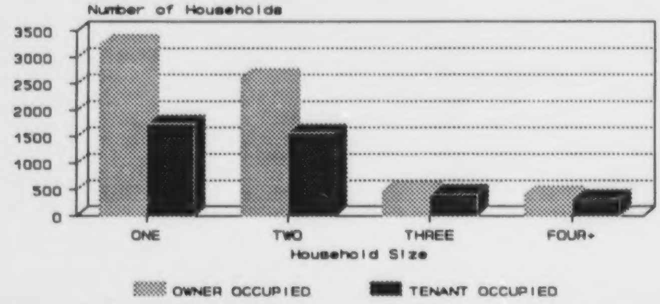


Source: Condominium Monitor '88, City of Toronto Planning & Development Department (December 1988)
Prepared by: Malone Given Parsons Ltd. December, 1990 (Revised March 1991)

- **Majority (88%) of units are occupied by one or two person households.**

The 1987 Assessment File records also indicate that approximately 88% of registered condominium units in the City are occupied by one or two person households. (See Figure 9).

Figure 9: DISTRIBUTION OF CONDOMINIUMS BY HOUSEHOLD SIZE AND TENURE, CITY OF TORONTO (1987)



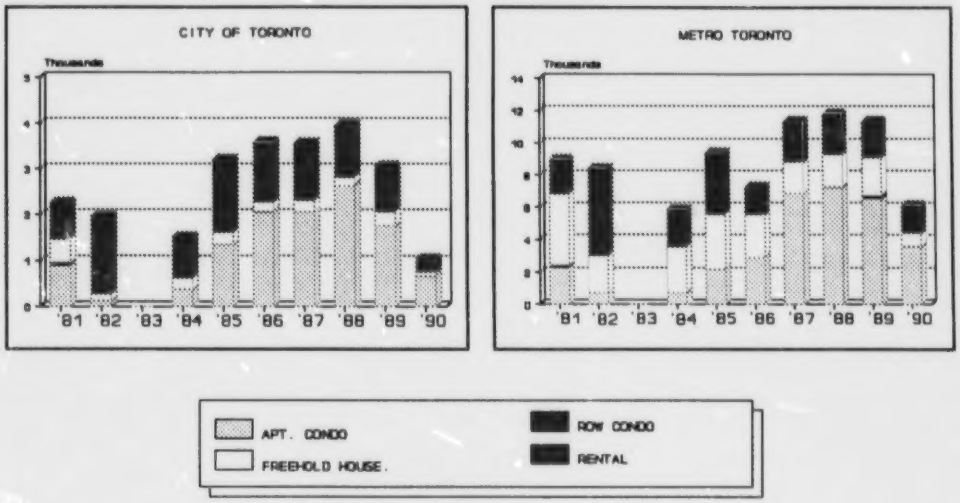
Source: Condominium Monitor '88, City of Toronto Planning & Development Department (December 1988)
Prepared by: Malone Given Parsons Ltd. December, 1990 (Revised March 1991)

4.3 New Condo Supply in Toronto

- **Strong condominium activity in latter 1980's produced glut of units in City which may not be fully built for 11-14 years and could double existing stock.**

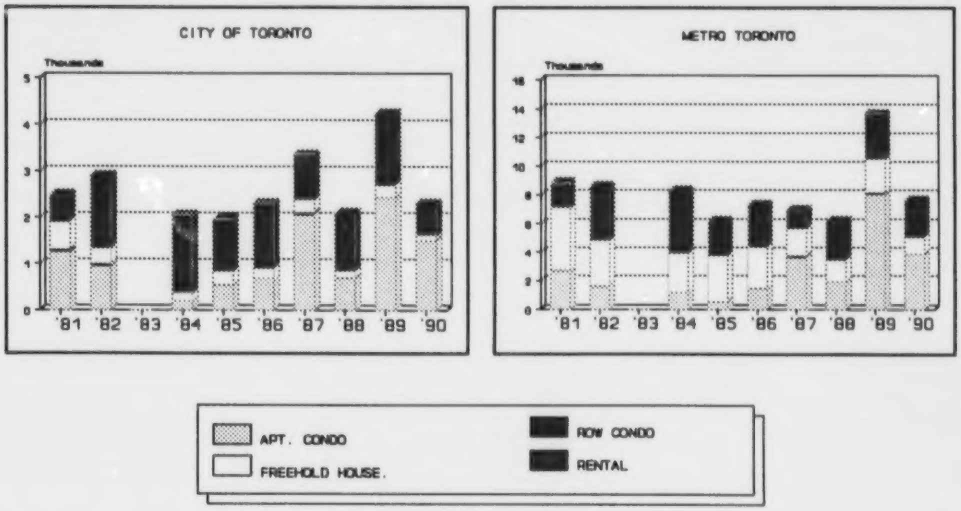
Condominium activity in the City of Toronto has been very strong, particularly since 1985. A review of CMHC data for housing starts in the City indicates that condominium starts rose dramatically from a low of 116 units in 1982 (6% of new housing starts) to well over 2,600 units in 1988 (57% of new housing starts.) (See Figure 10 and Appendix C1.)

FIGURE 10a: HOUSING STARTS BY TENURE, CITY OF TORONTO AND METROPOLITAN TORONTO (1981-AUGUST 1990)



Source: CMHC Local Housing Market Reports, 1981-1990 (August): Toronto Branch.
Notes: Derived from Appendices B1 and C1. 1983 figures unavailable.

FIGURE 10b: HOUSING COMPLETIONS BY TENURE, CITY OF TORONTO AND METRO TORONTO (1981-AUGUST 1990)



Source: CMHC Local Housing Market Reports, 1981-1990 (August): Toronto Branch.
Notes: Derived from Appendices B1 and C1. 1983 figures unavailable.
Prepared by: Malone Given Parsons Ltd. December, 1990 (as revised March 1991)

At present, there are well over 16,700 new condominium units in the City proposed (13,100) or under construction (3,600) most of which are in high-rise apartments in the Central Core. ("Under construction" includes completed units which are not yet registered, but may or may not be built and/or occupied.) (See Table 4.) If all these units were built and registered, this would more than double the 1988 stock of 13,400 registered condominium units.

Based on recent CMHC average annual rates for condominium unit completions over the past 5 years (roughly 1570 units per annum), the City's condominium stock may not be fully built for 11 years. Conceivably, if activity levels of the early 1980's are factored into the supply analysis, the current potential condominium stock may not be fully built for 14 years, with 1,175 unit completions per year on average. (See Table 5.) This supply estimate excludes an additional period of time required for new condominium units to be occupied (by owners or renters) and registered as condominiums.

- **City currently has a possible 2 year market "overhang".**

As noted above, the City currently has over 3,600 potential condominium units which are in various stages of construction (ie. from permit application stage to units completed but awaiting registration[1]). At the 1985-1990 average annual unit completion rate of 1,570 units in the City, this supply may not be built for two years. This means that in the short term, there is a saturation of units in the market and we do not expect significant additional new units to begin construction during this period.

- **Recession factor.**

Short term predictions on anticipated absorption rates (i.e. unit completion and occupancy) for new housing are extremely tenuous at best. As earlier noted, the current economic recession within the Toronto market context has resulted in a dramatic downturn in housing sales and development activity which, in turn, has deflated residential real estate prices. We view this as a temporary phenomenon which will not significantly alter longer term housing demand in the City.

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[1] This figure (from Table 4) includes newly completed unregistered units which already may be sold and/or occupied, and should be interpreted with caution in this regard.

Table 4 NEW CONDOMINIUM PROJECTS PROPOSED AND UNDER CONSTRUCTION, CITY OF TORONTO AND CENTRAL CORE AREA (1990)

TOTAL CITY OF TORONTO[1]	Total No. of Projects	Total No. of Units	Average No. of Storeys	Average No. of Units
Proposed[2]	102	13,116	10	129
Under Construction[3]	16	3,636	17	227
Total	118	16,752	9	142

CENTRAL CORE AREA[4]	Total No. of Projects	Total No. of Units	Average No. of Storeys	Average No. of Units
Proposed[5]	34	8,628	21	254
Under Construction	11	2,743	22	249
Total	45	11,371	22	253

Prepared by: Malone Given Parsons Ltd. (December 1990)

Notes:

[1] Source: City of Toronto Planning and Development Department; Special Tabulation. Data as of October 30, 1990. (See Appendix C2)

[2] Proposed projects include all residential projects presently in Stages 1 and 2 of the City of Toronto Development stages.
Stage 1: Applications for Council Approval
Stage 2: Council approval received

Excludes intended condominium developments for which formal application for condominium status has not yet been filed.

[3] Under construction includes all projects for which applications for building permits have been made and/or projects which have received building permits and work has begun.

[4] Source: Development Projects in the Central Core Area, V.15. July 1990 (See Appendix C3).

[5] As per note 2, but also includes all intended condominium developments. ie. formal application for condominium status has not yet been filed.

Table 5 HOUSING STARTS, COMPLETIONS AND UNITS UNDER CONSTRUCTION CITY OF TORONTO AND METROPOLITAN TORONTO, 1981-OCTOBER 1990

CITY OF TORONTO

	'81-Oct '90 Total Housing* (Average Annual)	'81-Oct '90 Total Condo (Average Annual)	Condo As % of '81-90 Total Housing	'81-Oct '90 Total Other Housing (Average Annual)	Other Housing as % of '81-'90 Total Housing
Starts	24,260 (2,696)	11,956 (1,328)	49%	12,304 (1,367)	51%
Completions	23,867 (2,652)	10,571 (1,175)	44%	13,314 (1,479)	56%
Under Construction	33,836 (3,760)	19,900 (2,211)	59%	13,936 (1,548)	41%

METROPOLITAN TORONTO

	'81-Oct '90 Total Housing* (Average Annual)	'81-Oct '90 Total Condo (Average Annual)	Condo As % of '81-90 Total Housing	'81-Oct '90 Total Other Housing (Average Annual)	Other Housing As % of'81-'90 Total Housing
Starts	81,557 (9,062)	33,703 (3,745)	41%	47,854 (5,317)	59%
Completions	75,030 (8,337)	26,233 (2,915)	35%	48,797 (5,422)	65%
Under Construction	92,561 (10,285)	50,864 (5,652)	55%	41,697 (4,633)	45%

Source: 'CMHC Local Housing Market Reports, 1981-1990 (October) - Toronto Branch
Prepared by: Malone Given Parsons Ltd., (December 1990)
Notes: Derived from Appendix C1.
* Total housing includes all ownership and rental units.
Figures exclude starts and completions for 1983.

- **Strong market emphasis has been on luxury condominium apartments.**

The vast majority of new condominium buildings have been high-rise apartments predominantly geared to the "luxury" market. This is particularly true of projects in the Central Core and along key transit routes where land values are at a premium. "No frill" and row condominiums have been limited.

Table 6 indicates how the potential new condominium unit supply (ie. intended, proposed plus in various stages of construction) in the Central Core may be distributed in terms of unit type. There would appear to be a marked shifting of the condominium market in this area towards higher proportions of one bedroom units (54%) than exists in the current stock (36%), and fewer, smaller two bedroom (34% compared with 48% in existing stock) and bachelor (8% versus 10% existing) units. This "shift" is certainly true of projects currently in the various stages of construction but may be somewhat tenuous for projects which have not yet received Council approval.

4.4 Condominium Price Trends

- **Dramatic escalations in Toronto real estate values have made housing in the City enormously expensive.**

In recent years, economic, employment and population growth in the GTA combined with speculation in the housing market and the lack of vacant residential land in Metropolitan Toronto, have created enormous pressures on real estate values. As a consequence, housing prices have spiralled.

Royal LePage estimates selling prices (July 1990) for standard condominium apartments (2 bedroom, 900 square feet in highrise; new and resale) in Metro currently range on average from the mid-to upper $100,000's to $285,000 (in Central Toronto). Luxury condominium (2 bedroom, 1,400 square feet in highrise) average Metro prices spread from the low $200,000's to $525,000 (Central Toronto).

Condominium prices in the City of Toronto, particularly in the downtown and other prestigious areas, are roughly double (and in some cases more) the prices elsewhere in the Toronto area market, as reflected by the indices provided in Table 7. Royal LePage estimates (July 1990) average standard apartment condominium prices are 53-60 percent lower in York Region than in Central Toronto, 44-56 percent lower in Peel Region and 47-49 percent lower in west Durham Region.

Table 6 POTENTIAL UNIT MIX FROM NEW CONDOMINIUM PROJECTS IN THE CENTRAL CORE AREA

			Potential Unit Mix[1]					
Central Core Area	**Total No. of Projects**	**Total No. of Units**	**Bachelor**	**Studio**	**1-Bed.**	**2-Bed.**	**3-Bed.**	**4+ Bed.**
Proposed	34	8,628	8%	0.2%	51%	35%	5%	0.7%
Under Construction	11	2,743	6%	-	62%	32%	0.7%	0.03%
Total	**45**	**11,371**	**8%**	**0.2%**	**54%**	**34%**	**4%**	**0.6%**

Source: Development Projects in the Central core Area, V.15 . July 1990. City of Toronto Planning and Development Department.

Prepared by: Malone Given Parsons Ltd. (December 1990).

Notes: Derived from Appendix C4.
Figures may not total exactly due to rounding

[1] Reliable anticipated unit mix information is not available for all projects: proportions indicated herein must be interpreted with caution in this regard.

Table 7
AVERAGE RESIDENTIAL CONDOMINIUM PRICES (NEW AND RESALE) IN THE TORONTO CMA, JULY 1988 - JULY 1990

	STANDARD CONDOMINIUM						LUXURY CONDOMINIUM					
	2-bedroom Apt. in highrise 900 sq.ft. Average Price			Index			2-bedroom Apt. in highrise 1,400 sq.ft. Average Price			Index		
Location	July'90	July '89	July '88	'90	'89	'88	July'90	July '89	July '88	'90	'89	'88
Central Toronto	$285,000	$330,000	$300,000	100	100	100	$525,000	$590,000	$500,000	100	100	100
Don Mills - (East)	140,000	160,000	N/A	49	48	N/A	270,000	300,000	272,000	51	51	54
Downsview	175,000	209,000	185,000	61	63	62	270,000	338,000	265,000	51	57	53
East York/Danforth	145,000	150,000	140,000	51	45	47	N/A	N/A	N/A	N/A	N/A	N/A
North Toronto	210,000	210,000	155,000	74	64	52	310,000	330,000	310,000	59	56	62
The Annex	240,000	270,000	235,000	84	82	78	N/A	N/A	N/A	N/A	N/A	N/A
Willowdale	205,000	250,000	170,000	72	76	57	380,000	440,000	310,000	72	75	62
Scarborough - (Agincourt)	155,000	185,000	155,000	54	56	52	210,000	240,000	220,000	40	41	44
Scarborough - (Central)	145,000	160,000	138,000	51	48	46	223,000	280,000	235,000	42	47	47
Scarborough - (West Hill)	165,000	180,000	150,000	58	55	50	280,000	315,000	N/A	53	53	N/A
Etobicoke - (Islington/Kingswy)	170,000	190,000	165,000	60	58	55	330,000	370,000	305,000	63	63	61
York												
Markham/Unionville	$170,000	$180,000	$140,000	60	55	47	$270,000	$290,000	$240,000	51	49	48
Newmarket	150,000	180,000	145,000	53	55	48	175,000	N/A	N/A	33	N/A	N/A
Richmond Hill	170,000	200,000	155,000	60	61	52	220,000	235,000	185,000	42	40	37
Thornhill	165,000	205,000	152,000	58	62	51	210,000	260,000	210,000	40	44	42
Peel												
Mississauga	$145,000	$165,000	$135,000	51	50	45	$230,000	$275,000	$179,000	44	47	36
Meadowvale/Streetsville	135,000	140,000	104,000	47	42	35	N/A	N/A	N/A	N/A	N/A	N/A
Oakville	160,000	175,000	143,000	56	53	48	275,000	270,000	227,000	52	46	45
Brampton/Bramalea	125,000	130,000	105,000	44	39	35	175,000	170,000	140,000	33	29	28
Durham												
Ajax	$135,000	$145,000	$110,000	47	44	37	N/A	N/A	N/A	N/A	N/A	N/A
Pickering	140,000	150,000	115,000	49	45	38	N/A	N/A	N/A	N/A	N/A	N/a

Source: Royal LePage Survey of Canadian House Prices (Summer 1989 & Summer 1990)

Prepared by: Malone Given Parsons Ltd. (February 1991)

N/A = Not available in this area.

Notes: Housing price data reflects Royal LePage's estimate of "Fair Market Value" of certain housing types in each location for the value date indicated and is based on both data and opinion supplied by Royal LePage Real Estate personnel across Canada.

Indices in this table are calculated using Central Toronto as a base.

Indices are calculated by Malone Given Parsons to indicate relative housing prices within the Toronto CMA (eg. $140,000 for Don Mills (East) Standard Condominium = 49% of $285,000 Central Toronto price for similar housing unit type.

On an industry index of average selling prices per square foot, the following examples illustrate the difference in new downtown and suburban condominium prices as of the winter of 1989/90 (see also Appendix C4):

City of Toronto	Cathedral Square Mutual Street	$420-460/sq.ft.
	Bloor Park 407 Bloor Street East	$340-455/sq.ft.
North York	Hollywood Plaza Yonge Street	$300-350/sq.ft.
	Vogue Condominium Yonge Street & Kenneth	$300-330/sq.ft.
Scarborough	Scarborough Fair 2500 Lawrence Ave. East	$200-210/sq.ft.
	Henley Gardens 1089 Kingston Road	$185-220/sq.ft.
East York	Jockey Club 25 Overlea Boulevard	$190-255/sq.ft.
Etobicoke	Rio Plaza Albion Road	$160-190/sq.ft.
	Grand Harbour Lakeshore Boulevard	$375-580/sq.ft.
Richmond Hill	Cedar Gate Yonge/Major Mackenzie	$160-190/sq.ft
Pickering	Discovery Place	$130-180/sq.ft.

- **High-rise apartment condominiums significantly more expensive than low-rise row and townhousing.**

Historically, condominium townhousing was more expensive than high-rise apartment condominiums (as reflected in Appendix C5). However, as a result of dramatic increases in land, labour and construction costs as well as the provision of luxury amenity packages (e.g. full appliance packages, pools, health clubs, racquet courts, in-suite whirlpools, etc.), the high rise apartment generally has become by far the most expensive form of condominium ownership (and maintenance).

4.5 Implications

The condominium supply and pricing trends discussed above suggest several implications for an Inclusionary Zoning program in the City of Toronto. The most critical of these are as follows:

1) The condominium housing industry in Toronto has been producing predominantly higher end, luxury products targeted to investment conscious, "lifestyle" purchasers.

2) The combination of luxury amenity packages, construction, land and labour costs and maintenance fees has resulted in condominium prices which are well beyond the means of many would-be first-time homebuyers.

3) Given the widespread market acceptance of the condominium ownership vehicle and the lack of vacant residential land supply in Metropolitan Toronto, condominium housing will play an increasingly important role for new housing in the City of Toronto.

4) The current "glut" of new and proposed condominium units in the City and other parts of the GTA suggests that condominium prices will be moderated somewhat, at least in the short term, while effective demand for such units "catches up" to supply.

5) The City currently has an estimated 2 year market "overhang" which suggests it is unlikely that there will be significant new starts in condominium construction during this period. This must be considered when preparing estimates of potential unit yield from an Inclusionary Zoning program (as discussed in Section 5.2 of this report).

6) The lower end of new housing is generally affordable to upper-middle income households, not to households with lower income levels. The very high costs of land in the City of Toronto do not make it economically viable to produce housing for low income households without government subsidies.

7) Trends in condominium unit size within the City (particularly in terms of number of bedrooms) must be monitored by policy-makers and administrators of an Inclusionary Zoning program in order to ensure Inclusionary units can appropriately accommodate potential occupants. Condominium projects within the Central Area provide mainly one and two bedroom units while projects outside of this area provide a greater proportion of two and three bedroom units. Further, there appears to be an emerging trend within the Central Core emphasizing one bedroom units, which typically would not be appropriate for families with children.

5.0

MARKET FEASIBILITY

5.0

The preceding sections of this report reviewed the Inclusionary Zoning concept, the meaning of "affordability" and the salient characteristics of the Toronto housing market. The remaining chapters examine Inclusionary Zoning from a practical perspective: who should the program be targeted to? what yield might be anticipated? how might the market respond? what design opportunities and issues would Inclusionary housing present? and, is an Inclusionary program economically feasible? if so, what program parameters are necessary and appropriate?

Chapter 5 addresses the first two questions and incorporates the City of Toronto's recent tenant household income analysis, a series of interviews with housing industry representatives as well as our own experience, particularly in the Toronto real estate market.

5.1
Potential Inclusionary Markets

A fundamental component in understanding the application of Inclusionary Zoning in the City of Toronto is the determination of which market segments such a program could and should accommodate.

Such determination should be based on several factors:

i) the basic tenet of Inclusionary housing, to provide homes which are affordable (in terms of ability to carry and what potential purchasers can get financing for) to low and/or moderate income households;

ii) "affordable" house price levels for low and/or moderate income households relative to market price starter homes;

iii) the nature and extent of housing affordability problems for potential first-time buyers; and,

iv) the availability of government subsidies for providing Inclusionary housing units.

- **Tenant families whose incomes fall within the 50th to 60th percentiles of all tenant family household incomes are assumed, for analysis purposes, to be the primary target of Inclusionary units.**

The Steering Committee for this study directed that our feasibility analysis focus on tenant families (with or without children) whose incomes fall within the 50th to 60th percentiles of all tenant household incomes as the primary target of Inclusionary units. This market segment is targeted in this analysis for several reasons:

1. The City defines housing affordability more stringently than the Province, employing tenant (not owner) household incomes as a basis for determining affordability ceilings. This definitional distinction is drawn between owner and tenant households because tenant households, on average, have significantly lower income levels and are disadvantaged by limited downpayment and equity accumulation.

   Although renter households represent the majority of starter home purchasers[1], the City estimates that over 80% of tenant households in the Toronto CMA fall below the estimated 60th percentile (total owner and tenant households) income ceiling set by the Province for the region ($55,700)[2] as a base for determining maximum affordable housing prices. Hence, as shown in Table 8[3], homeownership affordability limits for all average tenant households at or below the 60th percentile of tenant household incomes are well below the Province's 1990 "Affordable Housing" ceiling of $157,500 set for the Toronto housing region.[4]

   Further, homeownership affordability limits (Table 8) for low and moderate income households are substantially lower than current average standard condominium selling prices of $285,000 in Central Toronto, and $140-175,000 or more in other parts of Metro. (Royal Le Page estimates for July 1990. Refer to Table 7).

2. As indicated in Table 8, there are significant tenant disparities in terms of housing affordability between low (30th percentile) and mid-to upper-middle income (50th-60th percentiles) households, as well as between Husband and Wife families and single parent, non-family and single person tenant households:

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[1] Based on CMHC estimates, almost 90% of new starter homes in Ontario are purchased by persons formerly in a rental situation. (CMHC-Canadian Housing Markets. September 1990.)

[2] City of Toronto, Planning and Development Department, (V. Silzer); Approved Provincial Policy Statement: Land Use Planning for Housing. Report to Land Use Committee. July 5, 1990. (Appendices 4 and 9).

[3] Table 8 estimates of the Toronto CMA upper limits of housing affordability (1990 dollars) for low and moderate income tenant households (ie. up to the 60th percentile) are based on the City's Housing Affordability assumptions (see Table 2):
- Gross Debt Service @25% of average tenant household income for rental housing
- Gross Debt Service @30% of average tenant household income for ownership housing
- Downpayment @25% of unit purchase price
- Mortgage Interest Rate @12.5%
- Amortization Period @25 years
- Property Tax Rate @1% of house price
- Condominium Fees @1% of house price

[4] Such ceilings are prepared pursuant to the Policy Statement on Land Use Planning for Housing.

Table 8

UPPER LIMIT OF HOUSING AFFORDABILITY FOR HOUSEHOLDS WITH INCOMES AT THE 30TH, 50TH AND 60TH PERCENTILES OF TENANT HOUSEHOLD INCOMES, TORONTO CENSUS METROPOLITAN AREA, 1990

	Income($)	Affordability Limits			Income($)	Affordability Limits ($)			Income($)	Affordability Limits($)		
Tenant Household	30th Percentile	Monthly Rents	Prices Condo	Freehold	50th Percentile	Monthly Rents	Prices Condo	Freehold	60th Percentile	Monthly Rents	Prices Condo	Freehold
Husband & Wife With Children	31,262	651	81,900	89,800	41,577	866	109,000	119,400	46,580	971	122,100	133,800
Husband & Wife No Children	27,547	574	72,200	79,100	39,606	825	103,800	113,800	45,666	951	119,700	131,200
Lone Parent Families	12,670	264	33,200	36,400	21,951	457	57,500	63,000	26,859	560	70,400	77,100
Non-Family Households	13 776	287	36,100	39,600	22,337	486	61,200	67,000	28,131	586	73,700	80,800
1 Person Households	11,850	247	31,100	34,100	20,661	430	46,700	59,200	25,213	525	66,100	72,400
All Tenant Households	**19,043**	**397**	**49,900**	**54,700**	**30,158**	**630**	**79,000**	**86,600**	**36,017**	**750**	**94,400**	**103,400**
All Households (Owner Occupants and Tenants)	29,404	613	77,100	84,500	N/A	N/A	N/A	N/A	52,603	1,096	137,900	151,100

Source: City of Toronto, Planning and Development Department. (V. Silser), July 5, 1990. Report to Land Use Committee, as revised by Malone Given Parsons Ltd. for condominium maintenance fees, property taxes and calculation methodology.

Prepared By: Malone Given Parsons Ltd. (February 1991)

Notes:

- Affordability limits are rounded to the nearest $100 for ownership housing, to nearest $1 for rental housing and calculated based on the following assumptions:
  1. Gross Debt Service @ 25% tenant household income for rental housing
     @ 30% tenant household income for ownership housing
  2. Downpayment 25% of unit purchase price
  3. Property Tax Rate @ 1% of house price
  4. Condominium Fees @ 1% of house price
  5. Mortgage Interest Rate @ 12.25%
  6. Amortization Period @ 25 years.
- 1990 household incomes estimated by the City of Toronto Planning and Development Department based on 1985 household incomes reported in Statistics Canada 1986 Census, escalating Census figures by the 1985-1990 change in the Industrial Aggregate/Composite indicator of changes in average wages and salaries across the Toronto CMA.

Table 8 - Continued

UPPER LIMIT OF HOUSING AFFORDABILITY FOR HOUSEHOLDS WITH INCOMES AT THE 30TH, 50TH AND 60TH PERCENTILES OF TENANT HOUSEHOLD INCOME, TORONTO CENSUS METROPOLITAN AREA, 1990

Notes:

- Calculation Methodologies for determining Affordability Limits:

Rental Housing

Gross Income x 25%/12 months = Maximum Affordable Monthly Rent

Ownership Housing

P = Maximum Affordable House Price (for tenant households at selected income percentile)
I = Gross Income (average for tenant households at selected income percentile)
PMT Factor = Payment Factor (using Canadian Mortgage Tables) assuming 12.25% mortgage interest rate and 25 year Amortization period is 10.49428 per $1,000 of mortgage loan.

$$P = \frac{\text{Maximum Mortgage}}{(1 - \%\ \text{downpayment})}$$

Maximum Mortgage =

$$\frac{\text{Amount Available for Debt Service}}{12 \text{ mos.} \times \text{PMT Factor}} \times \$1{,}000$$

Max. Afford. Condo Price:

Amount Available for Debt Service = [30% of I] - 2% of P for condominium fees and property taxes

$$P = \frac{[.3I - .02P] \times 1000}{12 \text{ mos.} \times 10.49428 \times (1-.25)}$$

$$= \underline{(300I - 20P)}/94.44852$$

$$= 3.17633I - 0.211756P$$

$$1.211756P = 3.17633I$$

$$P = 3.17633/1.211756 \times I$$

$$= 2.62126 \times I$$

Therefore, if I = $31,262 then
P = 2.62126 x $31,262
= $81,946 (round to $81,900)

Max. Afford. Freehold Price:

Amount Available for Debt Service = [30% of I] - 1% of P for property taxes

$$P = \frac{[.3I - .01P] \times 1000}{12 \text{ mos.} \times 10.49428 \times (1-.25)}$$

$$= (300I - 10P)/94.44852$$

$$= 3.17633I - 0.1058777P$$

$$1.1058777P = 3.17633I$$

$$P = 3.17633/1.1058777 \times I$$

$$= 2.8722253 \times I$$

Therefore, if I = $31,262 then
P = 2.8722253 x $31,262
= $89,792 (round to $89,800)

- Husband and wife tenant family households (with or without children) in the 50th to 60th percentile have average household incomes of roughly $39,600-$46,600. Using the City's affordability calculation assumptions, we estimate such households can afford condominium units roughly priced between $104,000 and $122,000. Non-family, lone parent families and single person tenant households in these income percentiles have substantially lower household incomes on average and generally may afford condominium unit prices of less than $74,000.

- With the possible exception of low income Husband and Wife tenant family households with children, low income tenant households (at about or below the 30th percentile) generally are in the most difficult position for potential homeownership.

Without some form of government subsidies, the realities of new housing prices in Toronto effectively exclude low income groups (ie. below the 50th percentile of tenant house hold income) from homeownership.

3. Potential buyers above the 60th percentile of tenant household incomes generally are in a stronger financial position to be able to afford purchase starter housing. If eligible for Inclusionary units, this higher income group could effectively displace middle income (50th-60th percentile) tenant households from the Inclusionary housing market. The former group may be in a better position, on average, to obtain financing and, from a developer's perspective, could more easily be included within a condominium project.

5.2 Potential Yield of Inclusionary Units

- **Potential Yield of Inclusionary units will depend largely upon market forces and program requirements.**

It is not possible to predict at this time, with any reasonable degree of accuracy, the potential yield of Inclusionary units in the City of Toronto. Such yields will be a factor of prevailing market forces, particularly in the condominium market, as well as of the specific parameters of an Inclusionary Zoning program. (i.e. potential yield of Inclusionary units would be a function primarily of the proportion of such units required by the policy, and also the rate of construction of market condominium projects.) In that context, the matter of potential Inclusionary unit yield should be further examined.

Notwithstanding the need for further refinement, several conclusions can be drawn from simple analysis:

1. **An Inclusionary Zoning program in the City of Toronto could potentially yield approximately 100-300 units per year.**

   As indicated in Section 4.3 of this report, CMHC housing completion data (i.e. units built but not necessarily sold, occupied and registered as condominiums) indicates that, factoring the recessionary period of the early 1980's, an average of roughly 1200 condominium units were completed annually over the past decade in the City. During the strong economic period of the latter 1980's, condominium completions in the City averaged nearly 1600 units per year. Factoring these completion rates and a higher level of 2000 condominium unit completions per year for analysis purposes, the potential production of Inclusionary units could be as follows:

Potential Proportion of Total Condominium Unit Which are Inclusionary	**Inclusionary Unit Potential Annual Yield at Market Production Levels**		
	Low @1,200	**Medium @1,600**	**High @2,000**
5%	60	80	100
10%	120	160	200
15%	180	240	300

   If 5-10 per cent of all new condominium units in the City were required to be provided for Inclusionary housing purposes, and assuming medium condominium production levels of roughly 1,600 units per annum were to continue indefinitely and (for theoretic purposes only) were absorbed (i.e. occupied) at the same rate they were produced, and assuming no density increase provisions were established for the purposes of the Inclusionary Zoning program, the Inclusionary housing yield could be approximately 100-300 units per year.

2. **Inclusionary units likely would not be available until 1994 or 1995.**

   If authorizing legislation for an Inclusionary Zoning program in the City could be implemented within two years (i.e. by 1993) and assuming such a program would not apply retroactively to any development for which permits had been issued, the earliest we would anticipate availability of Inclusionary units would be in 1994 or 1995.

3. **Currently proposed condominium stock in the City could, at full development, yield approximately 650 to 1950 Inclusionary units (depending on the level of exaction required).**

As discussed in Section 4, the City of Toronto currently has a potential additional condominium stock of approximately 16,700 units in projects in "the pipeline". Over 3600 of these potential units are under construction, awaiting registration or awaiting issuance of a building permit and therefore would not be required to provide Inclusionary housing. Given the current "market overhang" of condominium units in the City, the remaining 13,000 (approx.) proposed units will likely not receive building permits until after 1993. If an Inclusionary Zoning program is put in place by that time, this stock could ultimately yield between 650 and 1950 Inclusionary units:

Inclusionary Assumptions	Potential Inclusionary Unit Yield*
5%	650
10%	1300
15%	1,950

* Based on 13,000 potential condominiums units currently planned but for which no building permits applications have yet been made.

5.3 Probable Market Response to Inclusionary Zoning

In the Fall of 1990, we conducted a series of interviews with large and small condominium developers, marketing companies, lenders and ratepayers to obtain greater insight into how mandatory Inclusionary Zoning might be received in the Toronto market. As much as possible, the interviews were standardized to address certain fundamental aspects of an Inclusionary program: design/unit costs, project marketing, project and unit financing, condominium operations and program implementation/administration. A basic set of questions was sent to the interviewees beforehand. The highlights of these interviews are summarized in Appendix D.

These interviews, in combination with the experience in other jurisdictions and the dynamics of the Toronto real estate market, provide a basis for assessing the probable responses within the market to a mandatory Inclusionary Zoning program.

Actual market responses will ultimately depend on: the specific parameters set by an Inclusionary Zoning program (e.g. proportion of Inclusionary units; the nature and extent of program incentives; the strength of the economy; who will administer the units and how; the extent of the program flexibility; the degree of clarity of program rules; target prices and sizes of Inclusionary units; etc.

- **Toronto's housing industry generally supports principles of affordable housing, but developers likely would resist a mandatory Inclusionary Zoning program for a number of reasons.**

The most salient of these reasons for developer resistance include:

- Inclusionary Zoning may be viewed as yet another tax/levy on development.
- Developer may have to "subsidize" housing prices and reduce potential profits.
- Inclusionary Zoning could obstruct project and marketing flexibility.
- Inclusionary Zoning could jeopardize marketing of non-Inclusionary units and could create problems for condominium operations if Inclusionary unit purchasers are unable to pay ongoing maintenance fees (which may include expensive repairs/renovations to the building).
- "Subsidy" may have to be passed on to non-Inclusionary unit purchasers, and could increase the overall costs of housing.
- May not be appropriate in certain projects (e.g. luxury) or in certain "prime areas" of the City of Toronto.
- Could delay project approvals.

From our industry interviews, it was clear that developers generally would prefer a voluntary, incentive-based Inclusionary housing program. A number of other critical observations have been drawn from these interviews concerning the market feasibility of Inclusionary Zoning in the City:

- Developers may be more receptive of an Inclusionary Zoning program which has very clear rules, affords considerable flexibility, and offers substantial incentives, including guaranteed fast-tracking of approvals.

- Developer response to Inclusionary Zoning in Toronto may depend on the proportion of Inclusionary units required to be provided, as well as the pricing and design requirements for such units. The implications of these factors may have to be assessed by the developer on a project by project basis.

- From development, marketing and purchaser perspectives, Inclusionary Zoning may be best received if integration of Inclusionary and market units within the same building are encouraged where site and project targets warrant.

- Where such integration is deemed inappropriate (e.g. on prime sites or in very small or luxury projects), the donation of land at another site to a public or non-profit housing agency for low cost housing, or cash-in-lieu of providing required number of Inclusionary units, may be acceptable alternatives. These alternatives would permit "pooling" of land and/or levies which could be used to build affordable ownership, rental social or co-operative equity housing.

- Reception of Inclusionary Zoning program would be stronger if potential abuses were eliminated through controls on resale, unit speculation, who may purchase units, etc. However, while the groups interviewed generally supported resale controls as a means to limit program abuse, some concerns were raised that limited equity ownership principle[1] could deter first-time homebuyers.

- Many developers interviewed commented that equity co-ops, produced through levy "pools", would be an excellent alternative to Inclusionary condominium housing (especially if equity for Inclusionary units is limited through resale controls). Land values in the City are very high, as are the costs of highrise construction, and the potential for unit cost reductions may be limited. Several developers suggested that levies collected for Inclusionary housing would be more wisely applied to increasing the City's supply of equity co-ops.

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[1] Limited equity homeownership is an important basis of resale controls placed on Inclusionary units. Such controls, typically registered on title, restrict the price at which Inclusionary housing purchasers can resell their units thus limiting the potential accumulation of equity which Inclusionary households can realize on their investment.

- Considerable concerns were expressed in the interviews about "unnecessary overamenitization" of residential condominiums, primarily imposed by local planning and zoning requirements. Developers felt that reductions in requirements for amenity space (e.g. swimming pools, lounge areas, health clubs, etc.) could substantially lower condominium prices without jeopardizing project marketing. In fact, some developers indicated that condominium buyers often do not want to pay for the full range of amenities offered within a project.

- From our interviews, there seems to be a general consensus that an Inclusionary Zoning program in the City of Toronto should be administered by a non-profit housing agency, not by City staff. Developers interviewed wanted to ensure their control over project concept and design and the marketing of market-rate units (prior to Inclusionary units if deemed necessary by the developer), but generally did not want to participate in the longer term administrative aspects of Inclusionary units.

6.0 DESIGN OPPORTUNITIES AND ISSUES

6.0

The terms of reference for this Study identify design as a component to be examined in determining the feasibility of an Inclusionary Zoning program in the City of Toronto. The implications of design on the cost of housing, and the potential to create appropriate "least cost units" are factors to be assessed in order to identify areas of design where cost savings might be accrued. Specifically, the terms of reference require this Study to identify appropriate least cost units for target market groups for three project types: high-density luxury in the Central Area, medium-density condominiums in a district centre, and medium-density in a new neighbourhood.

The issue of land costs has been identified in the terms of reference as a major determinant to unit price. The exact nature of the financial benefits through architectural design is more difficult to identify. The cost and availability of land in the Central Area of the City dictate certain building types in order to produce residential units for sale. In most cases, high-rise buildings become necessary because land costs dictate maximizing density on limited site areas. However, this is the most costly form of construction in the City of Toronto today.

The terms of reference refer to such issues as unit size, finishes, private amenity space, parking, and common facilities as areas of design review. As previously stated in Section 4 of this report, residential condominium units were once viewed as an affordable option to purchasing a single family home. Today, however, they are often relegated to the luxury housing market. As a result, there is some validity to a review of market unit size, finishes and amenities since those are the areas of greatest increase given the new lifestyle connotations of condominium living.

The objectives of this section of the Study are to determine which areas of design indeed can create cost savings for Inclusionary units built by the private sector and whether or not such savings can be achieved through zoning.

The process of evaluating potential cost savings through architectural design has involved a number of tasks, including interviews with current market and non-profit housing builders. A portion of the interview format has been oriented toward design issues (see Appendix D). A review of existing condominium characteristics and current social housing design criteria has been undertaken. Finally, several case studies have been developed from both market oriented condominium designs and a social housing project to review specific design items within units that might lead to cost savings.

6.1 Industry Interviews and Responses

The role of design was seen as a minor factor in achieving cost savings, although the respondents did provide insight into the extent to which design can influence costs.
A majority of those interviewed alluded to the following design issues:

- In the City of Toronto, the scarcity of land forces the market to build high-rise residential which is the most expensive form of construction.
- Condominiums were once viewed as affordable alternatives to single family homes. Today condominiums typically are geared to the luxury market niche.
- The highest costs of developing residential uses within the City are those which are attributed to land costs. No reduction in unit size or amenities can affect such costs.
- One factor of affordability that is often overlooked by the purchaser is the cost of maintaining the unit through condominium fees. Some adjustment to amenity packages could reduce those costs.
- Inclusionary Zoning "rules" should be clear and implemented fairly.
- Arbitrary unit sizes do not work because credit is not given for good design.

6.2 Potential Cost Savings

- **Elements which reduce land costs will have the greatest impact on reducing unit prices.**

The impact of land costs is said by developers interviewed to be so critical that those elements which reduce such costs will have the greatest effect on unit prices. Since high-rise construction is the most expensive form of building, designs that develop high densities to maximize the number of units per project while reducing the height will provide the greatest potential savings. By comparison, low density townhouse schemes are more land-extensive and the number of common and repetitive elements that can be reduced are not as evident as in high-rise or mid-rise developments.

Most of those interviewed identified project-wide design issues as the elements that save the most. Cost reduction can be found in the areas of parking and amenities and coordination between overlapping jurisdictions at the City and Metropolitan levels that review design issues can also save time.

A review of residential apartment units in the City of Toronto indicates that certain aspects of design and site planning can affect unit size. A comparison of market units with social (non-profit) housing indicates some features that might be modified, thereby reducing the typical unit size. Although other factors appear to have a much greater impact on final unit price, incorporating some of the standards utilized by public agencies while rethinking others, combining features and modifying amenity packages will ultimately result in reducing overall costs.

Unit Size

Selected market condominium units from three different building types have been compared to Cityhome and national (CMHC) housing. Table 9 outlines the comparative sizes of spaces within units.

Table 9 Comparative Unit Sizes

Room Name	Social Housing		Market Housing Mid- Rise				Market Housing High- Rise		Social Housing		Market Housing Mid- Rise				Market Housing High- Rise	
	Unit Type															
	1 Br. (575 s.f.) Cityhome	1 Br (578 s.f.) CMHC	1 Br (600 s.f.) 97 Lawton Blvd.	1 Br+Den (710 s.f.) 97 Lawton Blvd.	1 Br (622 s.f.) 95 Prince Arthur	1 Br. (703 s.f.) 95 Prince Arthur	1 Br. (927 s.f.) Bloor Park	1 Br (608 s.f.) World Trd. Cent.	2 Br (725 s.f.) Cityhome	2 Br (741 s.f.) CMHC	2 Br (860 s.f.) 97 Lawton Blvd	2Br (935 s.f.) 97 Lawton Blvd	2 Br. (796 s.f.) 95 Prince Arthur	2 Br. (871 s.f.) 95 Prince Arthur	2 Br (1,211sf.) Bloor Park	2 Br (1,222sf.) Bloor Park
Liv/Din Rm. (Min. Dim)	180 s.f. 10'-0"	162 s.f. 10'-6"	208 s.f. 12'-3"	[illegible] s.f. 15'-6"	253 s.f. 11'-6"	327 s.f. 11'-6"	234 s.f. 13'-2"	198 s.f. 10'-5"	180 s.f. 10'-0"	162 s.f. 10'-6"	150 s.f. 12'-0"	144 s.f. 12'-0"	276 s.f. 11'-6"	264 s.f. 11'-6"	257 s.f. 12'-7"	335 s.f. 13'-2"
Din Rm/Den (Min. Dim.)	75 s.f. [illegible]	81 s.f. 8'-3"		[illegible] s.f. 8'-0"			146 s.f. 11'-3"		75 s.f. 7'-6"	102 s.f. 8'-5"	72 s.f. 8'-0"	72 s.f. 8'-0"				
Kitchen (Lin Count.)	[illegible] s.f. 8'-0"	65 s.f. 5'-0"	69 s.f. 14'-0"	[illegible] s.f. 13'-0"	63 s.f. 12'-0"	63 s.f. 12'-0"	68 s.f. 8'-0"	54 s.f. 11'-0"	48 s.f. 8'-0"	75 s.f. 7'-7"	64 s.f. 13'-0"	56 s.f. 13'-0"	80 s.f. 11'-0"	80 s.f. 11'-0"	101 s.f. 13'-0"	104 s.f. 12'-0"
Master Br (Min. Dim.)	108 s.f. 8'-10"	124 s.f. 9'-3"	116 s.f. 9'-6"	110 s.f. 10'-0"	150 s.f. 10'-0"	150 s.f. 10'-0"	172 s.f. 11'-9"	99 s.f. 9'-4"	108 s.f. 8'-10"	124 s.f. 9'-3"	128 s.f. 10'-6"	154 s.f. 11'-0"	117 s.f. 10'-0"	167 s.f. 10'-0"	156 s.f. 11'-3"	171 s.f. 10'-0"
Bathrm 1 (Min. Dim.)	37 s.f. 4' 10"	44 s.f. 5'-6"	40 s.f. 4'-11"	37 s.f. 4'-11"	43 s.f. 4'-8"	43 s.f. 4'-8"	41 s.f. 5'-4"	52 s.f. 5'-6"	37 s.f. 4' 10"	44 s.f. 5'-6"	37 s.f. 4'-11"	38 s.f. 2'-11"	66 s.f. 8'-0"	66 s.f. 8'-0"	66 s.f. 7'-10"	63 s.f. 5'-3"
Bedroom 2 (Min. Dim.)									80-118 sf 7'-6"	91 s.f. 7'-8"	94 s.f. 9'-3"	137 s.f. 10'-0"	93 s.f. 8'-6"	119 s.f. 9'-0"	127 s.f. 10'-2"	128 s.f. 9'-8"
Bathroom 2 (Min. Dim.)											42 s.f. 4'-11"	44 s.f. 3'-3"	32 s.f. 4'-8"	32 s.f. 4'-8"	45 s.f. 5'-11"	42 s.f. 5'-6"
Stor. Lkr (cf) (Min Dim)	150 cu.f. 2'-10"	176 cu.f. 3'-10"	68 cu.f. 2'-8"	97 cu.f.	152 cu.f. 3'-0"	152 cu.f. 3'-0"	130 cu.f. 2'-0"	50 cu.f. 2'-4"	180 cu.f. 2'-10"	247 cu.f. 3'-10"	77 cu.f. 3'-0"	68 cu.f. 2'-8"	53 cu.f. 2'-4"	53 cu.f. 2'-4"	283 cu.f. 4'-11"	83 cu.f. 2'-8"
Coat Clos. (Min. Dim)	6.5 s.f. 1'-10"	6 s.f. 1'-10"	8 s.f. 2'-4"	12 s.f. 2'-4"	9 s.f. 2'-4"	9 s.f. 2'-4"	10 s.f. 2'-2"	12 s.f. 3'-0"	6.5 s.f. 1'-10"	8 s.f. 1'-10"	8 s.f. 2'-4"	7 s.f. 2'-0"	9 s.f. 2'-2"	9 s.f. 2'-2"	10 s.f. 2'-2"	9 s.f. 2'-4"
Clothng Clos. (Min. Dim.)	6.5 s.f. 1'-10"	6 s.f. 1'-10"	16 s.f. 2'-4"	13 s.f. 2'-4"	20 s.f. 2'-4"	20 s.f. 2'-4"	14 s.f. 2'-2"	9 s.f. 2'-2"	9.5 s.f. 1'-10"	12 s.f. 1'-10"	16 s.f. 2'-4"	22 s.f. 2'-0"	28 s.f. 2'-2"	33 s.f. 2'-2"	30 s.f. 2'-2"	54 s.f. 2'-2"
Linen Clos. (Min. Dim.)	2 s.f. 1'-3"	8.6 s.f. 1'-10"	3 s.f. 1'-8"	2 s.f. 1'-4"			2 s.f. 1'-4"	2 s.f. 1'-6"	2.4 s.f. 1'-4"	17 s.f. 1'-0"	8 s.f. 1'-6"	8 s.f. 1'-6"	2 s.f.	2 s.f.	2 s.f.	3 s.f.
Balcony (Min. Dim.)	64.5 s.f. 6'-0"								91.5 s.f. 6'-0"							

A comparison of unit sizes and internal spaces indicates the following:

- The market units varied to the greatest degree in the size of bedrooms and kitchens. In addition, market units often have larger entries and more circulation space.
- Two bedroom market units have two bathrooms while social housing does not.
- CityHome projects provide personal recreation space (either enclosed or unenclosed) within the unit, in accordance with City of Toronto zoning requirements. Market units tend to provide enclosed private recreation space to enhance the marketable unit size as well as the marketability of the project.
- CityHome characteristics and CMHC standards for storage lockers are greater than those generally provided in market units. Also, storage lockers are required within the market rate units as opposed to other areas of the building.

The market condominium projects stress certain areas within the unit in order to strengthen the sales potential. Typically, kitchens and bedrooms are large, entry areas and bathrooms are expensively finished, and laundry facilities are provided within market units. CityHome projects must include storage lockers within each unit, and generally provide shared laundry facilities.

Table 10 compares the difference between the market units and social housing standards for selected areas within the unit. The elimination of one bathroom from a typical market unit will save space as well as fixture and plumbing costs.

Table 10 Unit Area Comparisons

PROJECT	Unit 1 Br	Bedrm	Kit.	Bath	Stor.	Difference Sq. Ft.
CityHome	575 s.f.	108 s.f.	45 s.f.	1 Bath	150 cu.f.	
CMHC	578 s.f.	124 s.f.	65 s.f.	1 Bath	176 cu.f.	57 s.f.
97 Lawton Blvd.	600 s.f.	116 s.f.	69 s.f.	1 Bath	68 cu.f.	40 s.f.
97 Lawton Blvd	710 s.f.	110 s.f.	69 s.f.	1 Bath	92 cu.f.	37 s.f.
95 Prince Arthur	622 s.f.	150 s.f.	63 s.f.	1 Bath	152 cu.f.	81 s.f.
Bloor Park	927 s.f.	172 s.f.	68 s.f.	1 Bath	130 cu.f.	102 s.f.
World Trade Cent.	608 s.f.	99 s.f.	54 s.f.	1 Bath	50 cu.f.	6 s.f.
	2 Br.					
CityHome	725 s.f.	108 s.f.	48 s.f.	1 Bath	180 cu.f.	
CMHC	741 s.f.	124 s.f.	75 s.f.	1 Bath	247 cu.f.	72 s.f.
97 Lawton Blvd	860 s.f.	128 s.f.	64 s.f.	42 s.f.	77 cu.f.	87 s.f.
97 Lawton Blvd	935 s.f.	154 s.f.	56 s.f.	44 s.f.	68 cu.f.	106 s.f.
95 Prince Arthur	794 s.f.	117 s.f.	80 s.f.	32 s.f.	53 cu.f.	79 s.f.
Bloor Park	1,211 s.f.	167 s.f.	80 s.f.	45 s.f.	283 cu.f.	169 s.f.

*Cityhome requires balconies at a ratio of 65.5 sq.ft. for 1-Bedroom Units and 91.5 sq.ft. for 2 Brdroom Units

Construction Costs

Hard costs for high-rise construction over 10 storeys are in the range of $85.00 per square foot. Reducing unit sizes can obviously have a major impact upon overall construction costs if the space savings are repeated throughout the project. It should be noted that the difference between high-rise luxury condominium unit sizes and affordable housing are so great that small and incremental reductions in size will not create sufficient savings to cater to the potential purchaser of affordable housing (under $130,000).

The cost of equipping and plumbing the second bathroom in a two bedroom unit can amount to as much as $7,200 in hard costs. Likewise, the costs of providing a laundry room in the unit has been estimated at $2,500. Elimination of the second bathroom in a two bedroom unit as well as locating laundry facilities in common locations can achieve cost savings. Placing a common laundry facility on each floor of a typical condominium project will result in a cost reduction of that magnitude for each unit. In the case of a common laundry in each building, higher cost reductions can be achieved.

Cost savings are difficult to extrapolate directly from a reduction in room sizes and must take into account factors related to design efficiencies. Often the layout of the unit results in the ability to create storage space and larger rooms as a result of the configuration. In addition, there is a point at which the reduction in the size of the unit begins to increase the cost on a square foot basis. The unit can become too small to market and all of the major cost areas must still be provided such as kitchens and bathrooms. However, reducing the number of bathrooms produces savings for plumbing and fixtures.

Unit design features that will assist in lowering unit prices include:

- Reductions in the size of "sales features" can be accommodated in affordable units at some savings. These include reducing the size of entry areas, kitchens and bathrooms.
- The elimination of certain features from market units such as second bathrooms will save space as well as the costs of plumbing and fixturing.
- Relocating such features as laundry rooms and storage lockers to common spaces on each floor or to one location in the building will reduce unit costs.
- Interpreting private recreation space requirements with flexibility based upon the location in the City and the availability of recreation space in the surrounding area can reduce or eliminate the need for balconies and solarium space.

Amenity Spaces

A major consideration for the condominium buyer must be not only the purchase price of the unit but also the monthly charge for common costs. Market buildings typically feature such amenities as indoor pools, sauna, squash courts and exercise rooms. From our industry interviews, developers and marketers of condominiums indicated that planning and zoning requirements within the City typically result in unnecessary "overamentization". Potential purchasers often do not want to pay a premium for the full complement of amenities offered within a condominium project. A reduction or elimination of some of the amenity features can reduce condominium costs.

Recreation Space

The City of Toronto private and public recreation space standards are applied to mixed-use developments regardless of the area or the potential market. Those standards are:

Bachelor Unit	13 square meters/unit
One Bedroom Unit	16 square meters/unit
Two Bedroom Unit	28 square meters/unit
Three Bedroom Unit	37 square meters/unit

- **Greater coordination between private recreation and public open space standards should be considered.**

Whereas the need for open space in the greater community is necessary, particularly in densely developed areas, the relationship between private recreation space and public open space should be differentiated. The City of Toronto has mandated the provision of recreation space through its zoning by-law as well as in its own social housing, yet there is a real need for more park space in the Central Area.

A re-evaluation of the application of recreation space standards to emphasize common outdoor open space can also be reflected in the cost of buying and operating an affordable unit. The location of the project should also be taken into consideration. In areas where there is a lack of open space, such an amenity is worth achieving. The application of cash-in-lieu of providing amenity space for affordable housing not only reduces the cost to the buyer for maintenance of such space but it also indicates to the developer "up front" what the cost of providing the space is going to be. Additionally, in areas where abundant recreation facilities exist, some consideration should be given to their use by residents of affordable housing.

Regulations for recreation space should not be applied without regard for location within the City. The standards should be liberalized to take into consideration the proximity of other area facilities or the lack thereof. Consideration should be given to upgrading neighbourhood amenities in place of providing similar recreation facilities in every residential development.

Parking

One of the major cost items associated with mixed-use development is that associated with the provision of parking. The Main Streets Parking Study has found that in the areas studied, the number of cars required can vary with the unit size and the location in the City. That study found that car ownership in social housing is lower than in condominiums.

- **Greater use of compact spaces and tandem parking can reduce building costs.**

The estimated cost of a below grade parking stall in Toronto ranges from $16,000 to $20,000 per space. Flexibility in the calculation of parking spaces and revisions to the compact car and tandem parking ratios can save on costs.

The City of Toronto has allowed up to 10 percent compact parking spaces in developments that request it. A compact space is approximately 10 percent smaller than a normal space which creates a potential savings of $1,000 to $2,000 per parking space.

A second form of parking that can reduce cost is that which uses the interstitial spaces so often found on the parking levels of residential buildings. Using this area for tandem parking spaces (ie. one car parked behind another with shared access) can save the full cost of another parking space since the space exists. Allowing up to 10 percent of the spaces to be tandem can create savings to the entire project.

Jurisdictional Controls

The provision of housing through Inclusionary Zoning is just one method of jurisdictional control that the City can utilize to achieve affordable housing. The City can also review characteristics within existing controls to relax standards and reduce delays in processing development applications.

The industry interviews have pinpointed the approvals process as an area of savings that can affect the design process. The problem of a lack of coordination between jurisdictions adds financial costs to the project as a result of time delays.

Within the design realm, standards should be uniform between jurisdictions to reduce the need for redundant circulation of plans.

6.3 Conclusions

The practicality of modifying market condominium units to produce affordable housing is related to such factors as land costs and forms of construction. In general, the real benefits are limited to those types of housing that employ the least expensive construction techniques and use the least amount of land. As a result, dense development at low to mid-rise heights best capitalizes on space savings in unit design.

- **Greatest savings occur when applied to repetitive elements.**

Inclusionary Zoning guidelines for modifying market housing to produce affordable residential units are most effective on a project-wide basis. Therefore such project related issues as parking ratios and car stall sizes, personal and common recreation space requirements can reduce costs because they are repetitive and reduce the amount of land used. Coordination between City and Metropolitan building approvals and Provincial subdivision approvals saves time and thereby reduces costs.

- Condominium builders can reduce the size of some of the units within their projects to "appropriate least cost standards" so as to increase the provision of affordable units within the private sector. This can be achieved through a reduction in area as well as providing fewer "in unit" amenities

- Recreation space requirements in the Central Area should be reviewed to allow for flexibility. The proximity or lack of open space in the area surrounding a project should influence the amenities required as well as the method of providing recreation space.

- Parking Standards for Central Area housing should be reviewed to allow innovative means of providing parking to be used. Compact car spaces should be increased to 25 percent of total parking, tandem parking should be assigned to Inclusionary units or allowed to substitute for some visitor parking, and the proximity of transit should decrease requirements.

- Design and unit size standards for social and Inclusionary housing should be uniform between the various jurisdictions that review development applications to save design time as well as the time needed for review.

6.4
Case Studies

6.4.1 High-Rise Luxury Condominiums

Location: Central Core (City of Toronto)

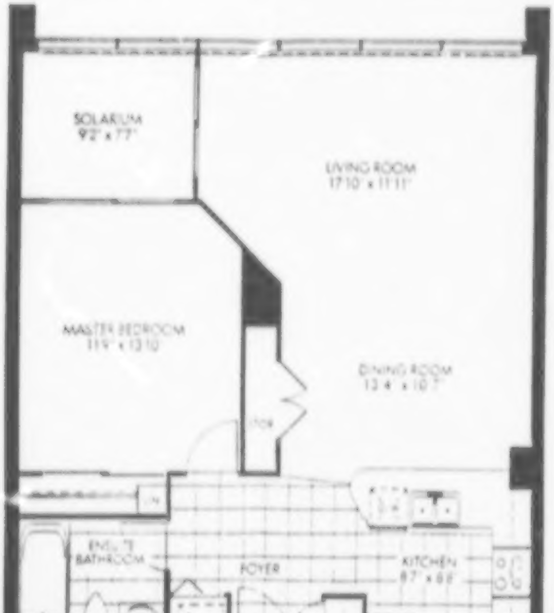
Status: Construction on hold.

Critical Data: Gross Floor Area of Building - 26,762.5 sq.m.
Dwelling Units - 203 Units
1 Br. - (90.5 sq.m.)
2 Br. - (113.5 sq.m.)
3 Br. - (140+ sq.m.)
Recreation Space - 1,167 sq.m. (1,165 sq.m required)
Height - 30 storeys (Approx.)
Parking - 174 Spaces (.86/Unit) (174 Required)

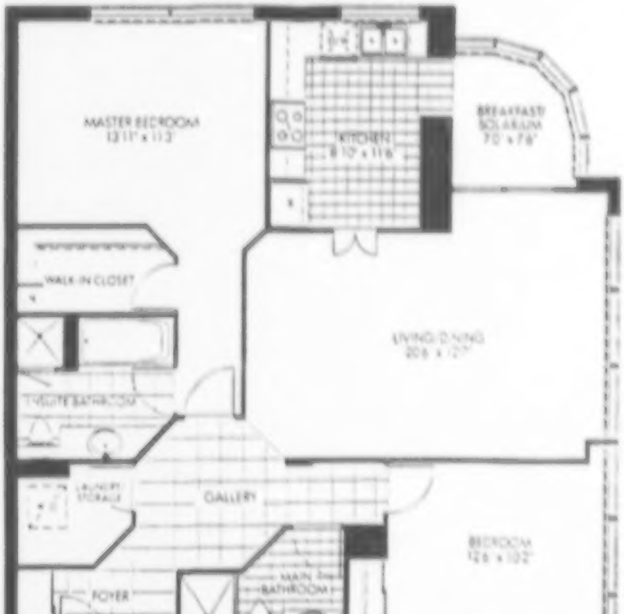
Possible Size Reduction:

Entry area size, laundry facilities, private recreation space, common recreation space can be reduced in this building since there is a club within the same structure that could be shared.

One Bedroom Unit


SOLARIUM
9'2" x 7'7"
LIVING ROOM
17'10" x 11'11"
MASTER BEDROOM
11'9" x 13'10"
DINING ROOM
13'4" x 10'7"
STOR
LIN
ENSUITE BATHROOM
FOYER
KITCHEN
8'7" x 8'8"

Two Bedroom Unit
(Corner Unit)


MASTER BEDROOM
13'11" x 11'3"
KITCHEN
8'10" x 11'6"
BREAKFAST/SOLARIUM
7'0" x 7'8"
WALK IN CLOSET
LIVING/DINING
20'6" x 12'7"
ENSUITE BATHROOM
LAUNDRY/STORAGE
GALLERY
BEDROOM
12'6" x 10'2"
MAIN BATHROOM
FOYER

6.4.2 Mid-Rise Condominiums

Location: Central Area (City of Toronto)

Status: Complete.

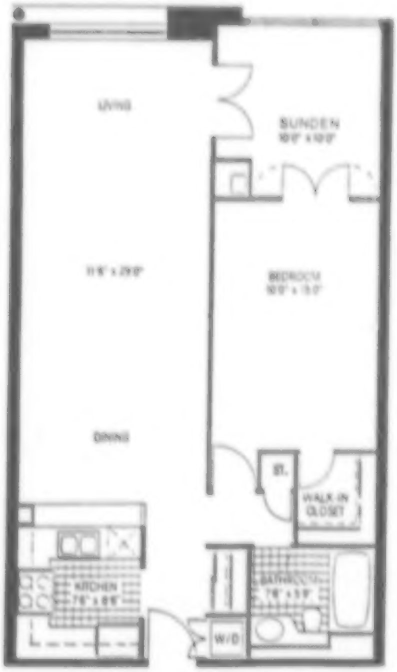
Critical Data: Gross Floor Area of Building - 15,050 sq.m.
Dwelling Units - 206 Units
- 33 Studio (40.5 sq.m.)
- 150 - 1 Br. (76 sq.m.)
- 23 - 2 Br. (100 sq.m.)

Recreation Space (as Required)
Height - 8 storeys
Parking - 148 Spaces (.72/Unit) (103 Required)

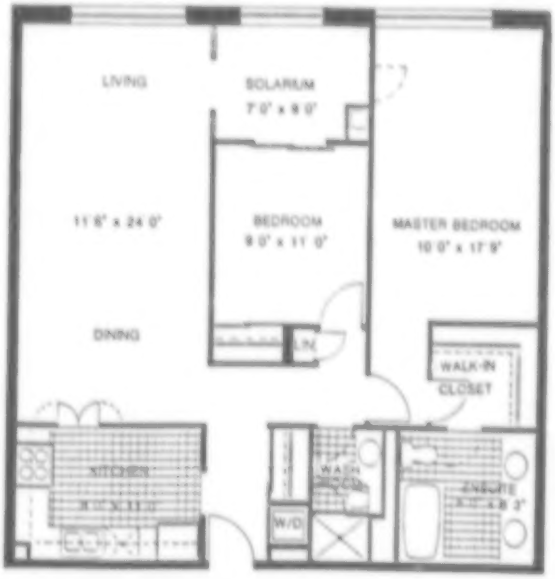
Possible Size Reduction:

Could be achieved through the elimination of second bathrooms, laundry facilities and solariums. Units in this project are closer to the CityHome size standards for social housing (see Table 9) so size reductions can achieve a reduction in costs to affordable levels.

One Bedroom Unit


LIVING
SUNDEN
10'0" x 10'0"
11'6" x 29'0"
BEDROOM
10'0" x 13'0"
DINING
ST.
WALK-IN CLOSET
KITCHEN
7'6" x 8'6"
BATHROOM
7'6" x 5'0"
W/D

Two Bedroom Unit


LIVING
SOLARIUM
7'0" x 9'0"
11'6" x 24'0"
BEDROOM
9'0" x 11'0"
MASTER BEDROOM
10'0" x 17'9"
DINING
LIN
WALK-IN CLOSET
KITCHEN
WASH
W/D
ENSUITE

6.4.3 High-Rise Medium Price Condominiums

Location: Central Core (City of Toronto)

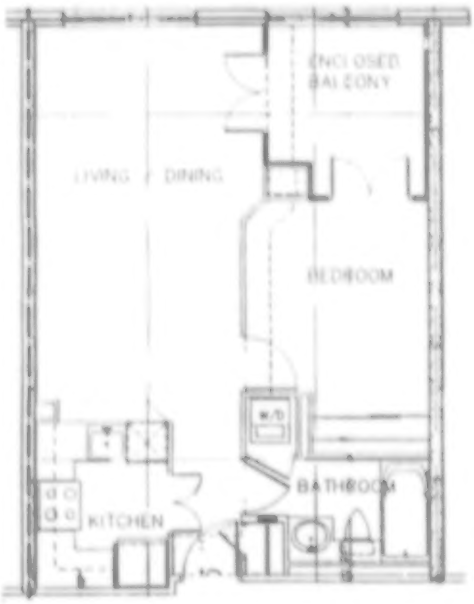
Status: Under construction.

Critical Data: Gross Floor Area - 19,264 sq.m.
Dwelling Units - 243 Units
  30 Studio (40.5 sq.m.)
  135 - 1 Br. (76 sq.m.)
  78 - 2 Br. (100 sq.m.)
Recreation Space - 4,410 sq.m.
Height - 18 storeys
Parking - 168 Spaces (.69/Unit) (143 Required)

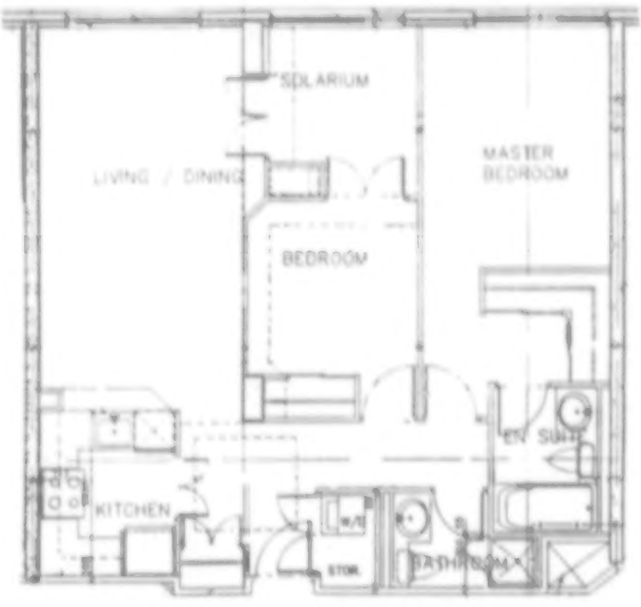
Possible Size Reduction:

Could be achieved through the elimination of the second bathroom in 2 Br., Shortening unit to eliminate laundry and solarium. These units are closer to the standard for social housing developed by Cityhome (see Table 9). Size reductions can begin to reduce costs to affordable levels.

One Bedroom Unit


ENCLOSED BALCONY
LIVING / DINING
BEDROOM
W/D
BATHROOM
KITCHEN

Two Bedroom Unit


SOLARIUM
LIVING / DINING
MASTER BEDROOM
BEDROOM
EN SUITE
KITCHEN
W/D
STOR.
BATHROOM

Potential Cost Reductions:

Bathroom:

Fixtures @$1,000/Fixture (Includes labour & plumbing)	$4,000
Ceramics	$1,200
Drywall (Includes drop ceiling)	$600
Fan & Ductwork	$500
Door & Hardware	$150
Sub Total	$6,450
Additional Savings	
Concrete (unit reduced)	$800
TOTAL	**$7,250**

Laundry Room:

Equipment	$1,000
Drywall	$125
Fan & Ductwork (w/o bathrm)	$500
Plumbing	$1,000
Door & Hardware	$150
TOTAL	**$2,775**

6.4.4 Affordable Housing

Location: Central Core (City of Toronto)

Status: In Approvals process.

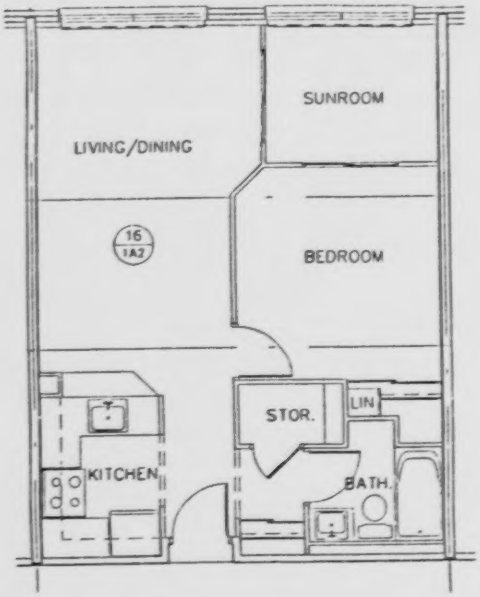
Critical Data: Gross Floor Area of Building - 9,825 sq.m.
Dwelling Units - 100 Units
- 7 Studio (40.5 sq.m.)
- 30 - 1 Br. (76 sq.m.)
- 55 - 2 Br. (100 sq.m.)
- 8 - 3 Br.

Recreation Space - 1,777.6 sq.m.
Height - 8 storeys
Parking - 70 Spaces (.72/Unit) (103 Required)

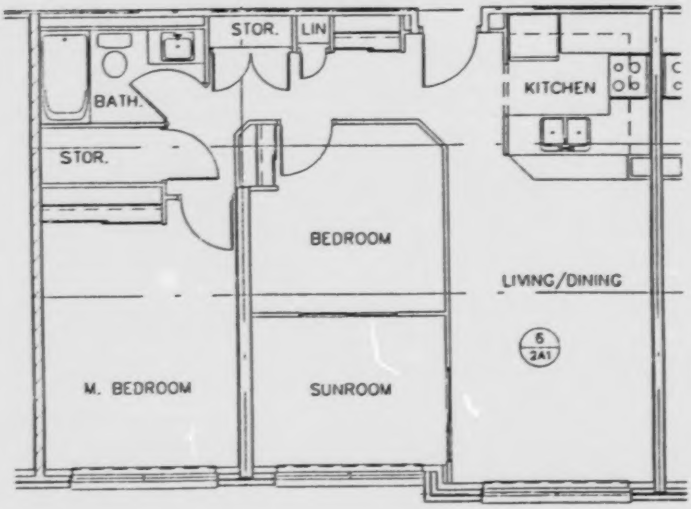
Possible Size Reduction:

Allowing the storage locker to be located in a central area common to the building, review of personal recreation space requirement.

One Bedroom Unit


SUNROOM
LIVING/DINING
16
1A2
BEDROOM
STOR.
LIN
KITCHEN
BATH.

Two Bedroom Unit


STOR.
LIN
BATH.
KITCHEN
STOR.
BEDROOM
LIVING/DINING
6
2A1
M. BEDROOM
SUNROOM

All of the units reviewed in the above case studies contain features which could be relocated to central locations within affordable housing projects thereby reducing costs and duplication. One of the features which can be relocated to a central part of the building is laundry facilities.

7.0

DEVELOPMENT IMPLICATIONS

7.0

Central to the concept of Inclusionary Zoning is a goal of redistributing income. This is achieved by diverting to lower income purchasers, some portion of profits on land, or profit realized by developers, or by increased purchase prices to non-Inclusionary (market) condominium buyers. It is an exaction or tax whose purpose is to produce more affordable housing for a particular constituency in the City of Toronto.

The purpose of this part of the study is to assess the implications that alternate methods of applying this exaction will have on development economics and to assist in the evaluation of alternate approaches to applying an Inclusionary Zoning policy. To do this, we have addressed the following questions:

- What are the impacts on project economics? How do these implications vary by project type and size?
- What density increases would theoretically be required to compensate for lost profit?
- What amount of cash-in-lieu would have an equivalent effect on project economics to Inclusionary units? What cash-in-lieu would yield an equivalent number of off-site units?
- Are there other options to providing Inclusionary units on-site which might be appropriate in some cases?

7.1 Development Economics

In order to address these questions, a development design and financial proforma analysis has been prepared for three project types.
These are:

- a high rise condominium in the Central Core area;
- a mid-rise condominium in the Central Core area; and,
- a low rise condominium outside the Central Core along an arterial.

Although it is intended that these be considered a generic representation of each of the three project types, the three "projects" reflect actual developments which have either recently been completed or are still under construction within the City. The costs and revenues correspond as closely as possible to actual experience. Where we did not have access to actual land cost data, or to the terms of project financing, "best estimates" were employed to reflect current market conditions.

The essential characteristics of the three projects analyzed are summarized below.

- **Large High Rise Condominium Project**

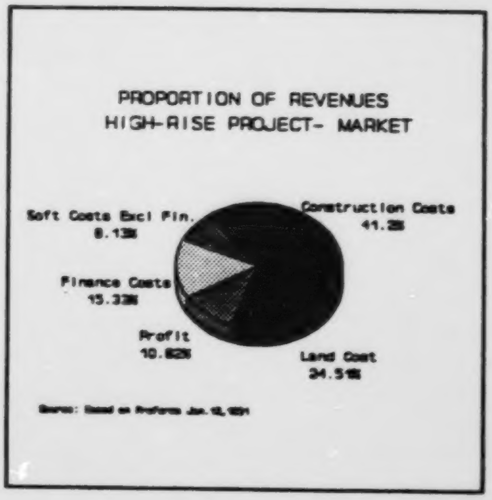
Official Plan:	High Density Mixed Use
Zoning:	CR L4.5 U350
Units:	243
GFA:	243,219 sq.ft. (gross floor area)
Height:	18 storeys
Parking:	171 spaces
Location:	Central Core Area
Land:	$60,000 per unit (on average)
Ave. Selling Price:	$280 - $300 per sq.ft.

Summary of Results:

	Total	Per Unit	Per Sq.ft. G.F.A.	% of Net Rev
Total Net Revenue	$59,480,928	$244,777	$244.56	100.00%
Land Cost	$14,580,000	$60,000	$59.95	24.51%
Construction Costs	$24,507,072	$100,852	$100.76	41.20%
Soft Costs Excl Finance	$4,835,280	$19,898	$19.8	8.13%
Finance Costs	$9,120,136	$37,531	$37.50	15.33%
Total Costs	$53,042,487	$218,282	$218.09	89.18%
Profit	$6,438,441	$26,496	$26.47	10.82%

Profit

As % of Costs	12.14%
As % of Equity	25.43%
Equity as % of Cost (Incl. Off Project Financing)	47.72%



Source: Based on Proforma Jan. 12, 1991

- **Mid Rise Condominium Project**

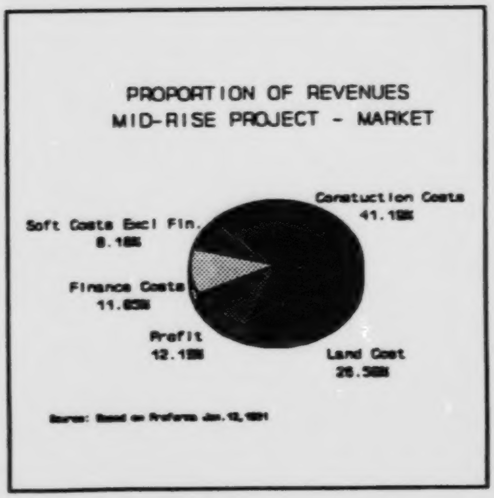
Official Plan:	High Density Mixed Use
Zoning:	CR L1 U100
Units:	206
GFA:	190,152 sq.ft.
Height:	6 storeys
Parking:	133 spaces
Location:	Central Core Area
Land:	$60,000 per unit (on average)
Ave. Selling Price:	$280 - $300 per sq.ft.

Summary of Results:

	Total	Per Unit	Per Sq.ft. G.F.A.	% of Net Rev
Total Net Revenue	$46,484,217	$225,652	$244.46	100.00%
Land Cost	$12,360,000	$60,000	$65.00	26.59%
Construction Costs	$19,146,158	$92,943	$100.69	41.19%
Soft Costs Excl Finance	$3,802,526	$18,459	$20.00	8.18%
Finance Costs	$5,510,351	$26,749	$28.98	11.85%
Total Costs	$40,819,035	$198,151	$214.67	87.81%
Profit	$5,655,182	$27,501	$29.79	12.19%

Profit

As % of Costs	13.88%
As % of Equity	29.47%
Equity as % of Cost (Incl. Off Project Financing)	47.09%



Source: Based on Proforma Jan.12,1991

- **Low Rise Condominium Project**

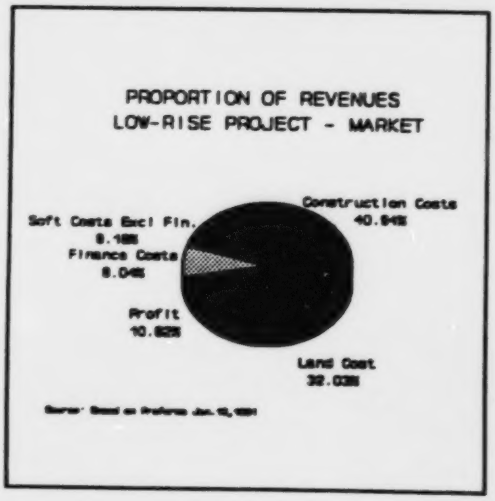
Official Plan:	Low Density Residential
Zoning:	R3 Z 1.0
Units:	51
GFA:	55,539 sq.ft.
Height:	3 storeys
Parking:	64 spaces
Location:	Outside of Central Core along Arterial
Land:	$75,000 per unit (on average)
Ave. Selling Price:	$250 - $280 per sq.ft.

Summary of Results:

	Total	Per Unit	Per Sq.ft. G.F.A.	% of Net Rev
Total Net Revenue	$11,942,640	$234,169	$215.03	100.00%
Land Cost	$3,825,000	$75,000	$68.87	32.03%
Construction Costs	$4,888,720	$95,857	$88.02	40.94%
Soft Costs Excl Finance	$976,504	$19,147	$17.58	8.18%
Finance Costs	$959,812	$18,820	$17.28	8.04%
Total Costs	$10,650,036	$208,824	$191.76	89.18%
Profit	$1,292,604	$25,345	$10.82	10.82%

Profit

As % of Costs	12.14%
As % of Equity	25.83%
Equity as % of Cost (Incl. Off Project Financing)	46.99%



- **Low Rise Condominium Project**

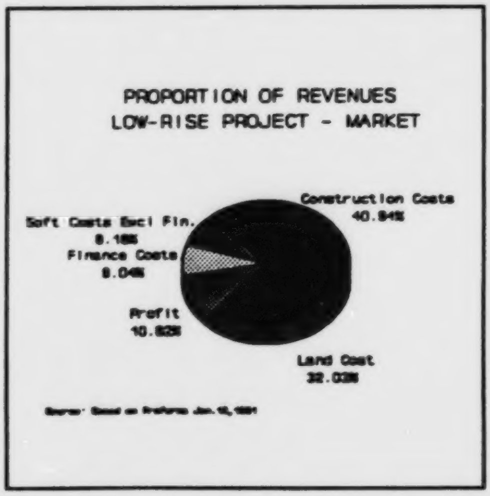
Official Plan:	Low Density Residential
Zoning:	R3 Z 1.0
Units:	51
GFA:	55,539 sq.ft.
Height:	3 storeys
Parking:	64 spaces
Location:	Outside of Central Core along Arterial
Land:	$75,000 per unit (on average)
Ave. Selling Price:	$250 - $280 per sq.ft.

Summary of Results:

	Total	**Per Unit**	**Per Sq.ft. G.F.A.**	**% of Net Rev**
Total Net Revenue	**$11,942,640**	**$234,169**	**$215.03**	**100.00%**
Land Cost	**$3,825,000**	**$75,000**	**$68.87**	**32.03%**
Construction Costs	**$4,888,720**	**$95,857**	**$88.02**	**40.94%**
Soft Costs Excl Finance	**$976,504**	**$19,147**	**$17.58**	**8.18%**
Finance Costs	**$959,812**	**$18,820**	**$17.28**	**8.04%**
Total Costs	**$10,650,036**	**$208,824**	**$191.76**	**89.18%**
Profit	**$1,292,604**	**$25,345**	**$10.82**	**10.82%**

Profit

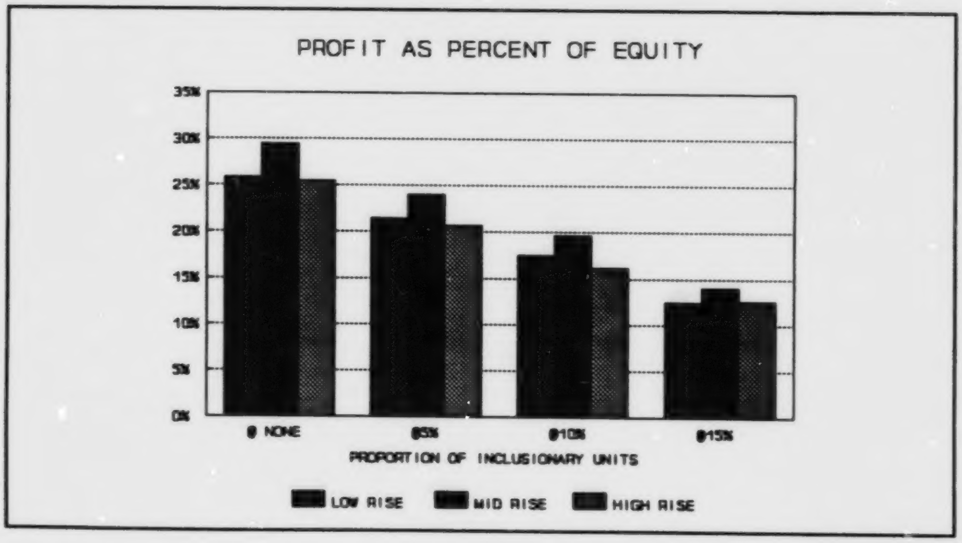
As % of Costs	12.14%
As % of Equity	25.83%
Equity as % of Cost **(Incl. Off Project Financing)**	46.99%


PROPORTION OF REVENUES
LOW-RISE PROJECT - MARKET

It is possible that the Inclusionary units themselves could reduce the realized sale price of market units within a building. However, we have found that the developers and condominium marketers interviewed do not have a strong opinion on this. There is a feeling that Inclusionary Zoning would tend to lower market prices but that it would depend on the type of project and on design. We have assumed in our analysis, however that the existence of Inclusionary units will not affect the selling prices of the balance of the project. Obviously, the larger the project, the lower the proportion of Inclusionary units and the better the integration, the lower the potential impact on prices.

For comparative purposes, shown below, we have assumed that sales prices and input prices of market units would not be affected by the introduction of Inclusionary units. This is an oversimplification of the interaction of input costs and market prices, and does not factor increased equity requirements associated with financing ceilings for projects with Inclusionary units. However, the comparison illuminates the relative impact of Inclusionary Zoning on project economics.

Inclusionary Assumptions	Profit as a % of Equity		
	High Rise	Mid Rise	Low Rise
None	25.4%	29.5%	25.8%
5% Inclusionary Units	20.7%	24.0%	21.4%
10% Inclusionary Units	16.2%	19.6%	17.5%
15% Inclusionary Units	12.6%	14.1%	12.5%
20% Inclusionary Units	7.8%	9.5%	8.9%



This comparison reflects high and mid-rise projects within the Central Area. A simple analysis of such projects outside the Central Area indicates Inclusionary Zoning impacts on profit (as a proportion of equity) are not significantly different from those for projects within the Central Area (due to lower land values and unit selling prices).

The question remains: what minimum rate of return would be acceptable or what indicated rate of return is the minimum below which a project becomes unfeasible?

The most important factor affecting profit is the general direction of market prices. In a rising market where selling prices reflect current conditions but where input prices reflect past conditions, profits will tend to be well above a "normal" level. Simply put, as long as land prices reflect yesterday's (lower) market but selling prices reflect today's (higher) market, then developers can realize not only a "normal" profit but a profit on inflation. Needless to say, these same factors operate in the opposite direction when markets fall (e.g. during the 1989-91 period).

- **Developer profits are very sensitive to unit price changes as illustrated below.**

High Rise Condominium

Changes in Condo Selling Prices	Return on Equity
-10%	2.1%
-5%	13.1%
0%	25.4%
+5%	39.4%
+10%	55.3%

It is because of this sensitivity that condominium land prices quickly adjust (upward and downward) to the condominium market.

- **In a rising market the costs of Inclusionary Zoning can more readily be absorbed.**

The opportunity to realize much higher profits in a rising market has a practical implication for Inclusionary Zoning. Because small upward shifts in prices (relative to input costs) produce much higher profits, exactions will primarily impact on the opportunity for higher than "normal" return. This means that an Inclusionary exaction will have less effect on project viability in a rising market.

7.3 Land Values and Densities

- **With Inclusionary Zoning but without increased density, condominium land values must decline.**

Over time, the developer's return on equity will approximate the perceived risk premium for a specific type of development in a given market. Under generally stable market conditions, this return will also remain generally stable. Therefore, the introduction of Inclusionary Zoning would tend to reduce the return on land rather than the return on development itself.

If there is an increase in direct costs (or opportunity costs) a developer will attempt to simultaneously pass it along to purchasers in the form of higher sales prices and to suppliers as lower input prices. Over time, however, the prices achieved on unit sales in the market place are primarily a function of supply and demand, and not of cost. In a rising market, it is possible to pass some costs on to purchasers as during the 1984-89 period. However, this cannot be sustained and prices correct irrespective of developer costs (the current situation in the Greater Toronto Area). Also, the upward price pressure due to increased cost related to Inclusionary units may be balanced by downward pressure on prices if Inclusionary units are seen as a negative factor by market condominium purchasers. If the cost of Inclusionary units cannot ultimately be passed on in full to purchasers, then costs must be passed back to land value as an input price.

The analysis summarized below illustrates the impact on land values with Inclusionary Zoning, assuming a constant rate of return for the developer and all other prices constant. This indicates that if the full cost of Inclusionary Zoning could be pushed to the land market, then the reduction in land values would generally parallel the proportion of Inclusionary units. For example, a requirement of 15% Inclusionary units would mean a reduction in land value by about 15% all other things being equal.

If, on the other hand, all costs of Inclusionary Zoning were to be passed to purchasers then unit prices would have to be increased as shown. For example, a requirement for 15% Inclusionary units would require about a 6% increase in condominium prices if all other input prices and developer returns were constant.

High Rise:

Inclusionary Assumption	Land Cost Decrease to Maintain Constant Return on Equity or	Unit Price Increase to maintain Constant Return Return on Equity
5% Inclusionary Units	-5%	+1.8%
10% Inclusionary Units	-10%	+4.3%
15% Inclusionary Units	-14.5%	+6.1%
20% Inclusionary Units	-20.0%	+9.6%

In practice, we would expect that in a rising Toronto market, the cost of Inclusionary Zoning would be shared by the land vendor and by the developer and by the purchaser.

- **Density increases can offset costs of Inclusionary units, but within a mandatory program should only be considered as a transitional tool.**

Density increases can reduce per unit land costs. The amount of density increase that would be needed to balance the net incremental cost of Inclusionary units is shown below:

Inclusionary Assumptions	Density Increase Needed to Offset Inclusionary Units		
	High Rise	Mid Rise	Low Rise
5% Inclusionary Units	6%	5%	3%
10% Inclusionary Units	7%	10%	7%
15% Inclusionary Units	15%	17%	10%
20% Inclusionary Units	25%	24%	16%

The level of density increase which theoretically would offset foregone profit as a result of Inclusionary units is a function of the relative importance which land prices play on project economics. Accordingly, this level varies depending on the scale of project.

The use of density increases in the context of an Inclusionary Zoning program is problematic. On one hand, it is a way to achieve the goal of more affordable housing without the redistribution of income that results from downward pressure on land prices and developer profits and the upward pressure on condominium prices. On the other hand, density increases create a well known array of significant planning and political problems and there has been a move away from "bonusing".

Whether density increases have a place in the discussion of mandatory Inclusionary Zoning exactions is a function of the mix of planning, economic and social goals of the City. Despite potential problems, such increases are an optional tool which could ease the transition and introduction of the program and therefore accelerate production in the short term.

7.4 Impact on Project Finance

An important factor in the impact of Inclusionary Zoning on development economics is its effect on project finance. The greater the degree of risk perceived by lenders, the greater the equity (or off project finance) required, the lower the amount of financial leverage for the project, and the lower the return on equity.

- **Inclusionary units can affect project finance.**

Ultimately it comes down to how the financial institutions perceive the lending risk associated with Inclusionary units. During the late 1980's when funds were readily available and when the real estate market was rising rapidly, it was possible for developers to highly lever (and even cash out) using borrowed money. Often, the only true cash in the deal was in the land component not financed by a vendor take-back (VTB) mortgage.

Today, the situation is much different. Lending institutions are more cautious, particularly with the condominium market in Metro where there is substantial supply in the face of declining demand and prices. Undoubtedly this situation will not last indefinitely but it is expected that project lending terms will remain conservative for the immediate future. We expect that project finance will continue to be tied directly to presales secured by substantial purchaser deposits. The fewer the presales, the greater the equity or off project finance[1].

- **Lenders are concerned about realizable value.**

The manner in which a lender views the Inclusionary units will determine whether such units can be considered as "sales" for the purposes of determining the amount of the construction loan. The main issue is whether the lender can easily dispose of these units if it becomes necessary to take over the project. If Inclusionary units cannot be sold without approval from some other agency (such as the City), then they may not be viewed as presold units for the purposes of financing. This, in turn, means that the entire cost of Inclusionary units would have to be financed by developer equity rather than by construction loans.

In a strong market where a high percentage of presales is possible, the financial implications of Inclusionary units may not be a problem. However, in a slow market (as at present), combined with cautious lenders (as at present), Inclusionary units will simultaneously tend to increase developer risk, and lower return. This in turn may slow down the rate of condominium development to some extent and mean that higher deposits on market units are required. It will also encourage developers to pass on more risk to the vendor of the site, if possible, through lower purchase price and more generous terms.

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[1] This refers to debt which is subordinate to construction finance. This may include vendor take back mortgages on the land or borrowed funds secured by the developer's assets but not by the project per se.

Given the complex interaction of factors which determine project finance, the precise implications of Inclusionary units on project finance are speculative. For example, the ambient market conditions have a much greater impact.

From a policy perspective, these implications must be taken into account. If a policy of Inclusionary Zoning is to be put in place, which requires that Inclusionary units be produced within the market condominium projects, then the method of implementation should be designed to ameliorate these potential effects on project finance.

7.5 Cash-in Lieu and Off-site Options

From a municipal perspective, Inclusionary housing should be incorporated (on-site) with market housing in order to promote socio-economic integration. However, such integration may not be desirable, appropriate or feasible in all cases. (For example, in small or luxury projects and/or on "prime location" sites where land values are extremely high). As discussed earlier in this report, there are several options to on-site integration of Inclusionary units which may be appropriate in some instances. These options may include cash-in-lieu payments or off-site provisions (within another project or through donation of land for the production of low cost housing).

7.5.1 Cash-in Lieu

The Cash-in-lieu option, while it does not guarantee socio-economic integration, is more preferable than on-site provisions from a project finance perspective. Cash-in-lieu payments are simply project costs rather than foregone revenue opportunities, and would be financeable under the same terms and conditions as any other soft cost. As a simple cost item, cash-in-lieu would not affect the lender's calculation on the maximum loan amount based on potential revenue.

Cash-in-lieu charges would add to the cost of a project but would not affect its marketing program. Design and pricing would not have to respond to Inclusionary purchasers.

Two approaches to setting a cash-in-lieu exaction have been examined. The first has been to determine the amount of cash-in-lieu exaction which would have the equivalent impact on rates of return and cost to providing Inclusionary units on site.

Inclusionary	**Cash-In-Lieu Equivalent***		
Assumptions	**High Rise**	**Mid Rise**	**Low Rise**
5%	$3,500	$3,500	$3,000
10%	$6,000	$6,000	$5,500
15%	$9,000	$10,800	$10,800

* Cash-in-lieu payment required for each unit proposed within a market condominium project

The second approach to setting a cash-in-lieu policy would be to exact an amount which is equivalent to the difference between the production costs of Inclusionary units and the maximum affordable selling price of such units to purchasers. To determine this amount, we have used 1990 Provincial Maximum Unit Prices (MUP's) as a reference point for estimating Inclusionary unit production costs, assuming such units would be produced by a non-profit housing agency (e.g. Cityhome) through cash-in-lieu monies. The MUP's, which reflect low production cost levels, have been inflated by 5% for Inclusionary housing to reflect potentially higher administrative costs associated with screening applications, administering mortgage terms, etc.

Unit Type	1990 Maximum Unit Prices[1]	Estimated Inclusionary (add 5%) Production Costs[2]	Inclusionary Housing Affordability Ceilings[3]	Difference btwn. Inclusionary Production Costs & Affordability
1 BR	$135,000	$142,000	$104-122,000	$20-38,000
2 BR	$152,000	$160,000	$104-122,000	$38-56,000
3 BR	$162,000	$170,000	$104-122,000	$48-66,000

The difference between the affordable purchase price and estimated Inclusionary production costs is the amount which would be raised from developers providing market condominiums to allow Inclusionary units to be sold at prices affordable to purchasers. This difference would generally average about $40,000 per Inclusionary unit built (depending on the mix of unit sizes and the purchaser's household income).

The amount which would be levied on developers would also be a function of the proportion of "Inclusionary equivalent" units desired.

Municipal Target Inclusionary Units	Cash -in-Lieu Required/Market Unit @$40,000 Subsidy/Inclusionary Unit
5%	$2,000
10%	$4,000
15%	$6,000

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[1] 1990 Maximum Unit Prices for buildings over 4 storeys. MUP's are developed by CMHC and the Ministry of Housing to control project costs, and must be achieved as a condition of government subsidies (e.g. through Provincial "Homes Now" program, Provincial or Municipal Non-Profit programs, etc.)

[2] Estimated by Malone Given Parsons Ltd. for analysis purposes.

[3] Derived in Table 8 of this report. These ceilings are for tenant families (with or without children) whose household incomes fall within the 50th to 60th percentiles of all average tenant household incomes. For the purposes of analysis, these ceilings were broadened somewhat in our proforma analyses (to $100,00 to $140,000) to allow for lower interest rates and larger potential downpayments. (Refer to Appendix E.)

This second approach to calculating cash-in-lieu has several obvious advantages. It directly links the exaction to other existing policy elements (eg. Provincial MUPs and definitions of affordability). It also provides an objective rationale for subsequent adjustments.

7.5.2 Off-Site Provisions

Off-site provisions for Inclusionary housing could include two options:

1. Providing the required Inclusionary units within a separate project on another site.

   While this approach may be appropriate in some instances (e.g. within high-priced luxury condominium projects), it does not guarantee socio-economic integration between market and Inclusionary purchasers nor does it necessarily mean that the required Inclusionary units will be provided at an attractive location for potential purchasers.

2. Donating a parcel of land to the municipality or a non-profit housing agency for the purposes of providing Inclusionary or other low cost housing (e.g. co-operative housing).

   Again, this option may be appropriate in some instances, but may lead to isolated "pockets" of social housing within the City on less than desirable sites.

From a developer's perspective, maintaining flexibility in a mandatory Inclusionary Zoning program through off-site and cash-in-lieu options would be received more favourably in the City than a strict requirement for on-site integration. Moreover, such flexibility would minimize potential problems associated with project design, financing and marketing.

8.0 CONCLUSIONS

8.0

The following section summarizes the opportunities and issues which have emerged through the study process.

Target Group

- The Steering Committee for this study directed that the target household group for Inclusionary Zoning would comprise husband and wife tenant households with incomes between the 50th and 60th percentiles of tenant household incomes - i.e. household incomes of roughly $39,600 to $46,600.

- This group represents approximately 6% (9,330 of 153,070)[1] of all tenant households in the City of Toronto. However, we estimate only about one-half of the target households would constitute potential buyers of Inclusionary units - ie. roughly 4,500-5,000 tenant households in the City. This estimate assumes that not all target households will:

(i) have access to sufficient (25%) downpayment; or

(ii) be able to carry on-going condominium maintenance fees (which can be very high, particularly in luxury buildings); or

(iii) choose to purchase a unit within the City, when competitively-priced, larger units are being marketed in the suburbs.

Inclusionary Affordability

- To be affordable as purchase condominium units for the target group, unit prices must be within an approximate range of $104,000 to $122,000.

- This represents a delivered price of some $80 - $100 per square foot less than current (high and mid-rise) condominium market prices.

Development Issues

- An exaction of Inclusionary Zoning representing 5%-10% of condominium units could be introduced without major long term market dislocations. In a rising market , this could be increased to 10%-15%.

- Over time developer profit, as measured by return on equity, will tend to be stable (although subject to very wide swings depending on market conditions).

- The cost of exactions will, over time, be borne primarily by a reduction in land value. However, when market prices begin to rise, some of this cost may be passed on to condominium purchasers.

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[1] City of Toronto Planning Development Department. (Number of household indicate 1986 figures, as derived by City staff from Statistics Canada data).

- In the short term, exactions cannot be passed back to the land market and, with depressed condominium prices, the exactions may tend to delay production of new units until condominium prices increase sufficiently to compensate for increased costs.

- Small condominium projects should be exempt from Inclusionary Zoning requirements for reasons of economics and administration. There is no specific threshold size of project below which exaction should not apply, given that project economics are highly site-specific and dependent on when the land was bought, at what price and how it was financed. American programs typically exempt suburban projects of less than 20 units from Inclusionary requirements. However, in the City of Toronto context, projects of up to 30 units, and most Main Street projects should be excluded from Inclusionary Zoning requirements. Such projects generally have fragile economics and often require relaxation of zoning standards (for example, parking) to be viable.

  With small projects (generally 5 storeys or less), it is very difficult to pass Inclusionary costs back to the land, which typically was acquired at a premium (reflecting commercial land values and high exposure). Moreover, the number of Inclusionary units which could be provided in such projects would be small, and thus inefficient and costly to monitor their availability and affordability in the long term.

- Where site and project targets warrant - particularly for mid-priced "no frills" condominiums - it may be possible to easily incorporate Inclusionary units with market units from design and marketing perspectives.

- On-site incorporation, however, may not be economically feasible or appropriate in all instances - for example, on "prime sites" where land values are exorbitantly expensive or in luxury buildings catering to very "upscale" markets.

Alternatives

- In such cases, alternatives to on-site provision of Inclusionary units should be considered, such as exacting cash-in-lieu payments or requiring off-site provisions (e.g. through the donation of land to the municipality or a non-profit housing agency for the purposes of providing low cost housing, or through the developer providing the required Inclusionary units on another site).

OPTIONS	MAJOR ADVANTAGES	MAJOR DISADVANTAGES
ON-SITE	• units might be produced most efficiently by private sector • no municipal responsibility for production • integration of low cost and market housing	• possible market conflict with other purchasers for same type of building • municipal staff requirements for legal agreements, inspections, monitoring • reduces developer marketing and design flexibility • makes projects more difficult to finance • possible legal liability for municipality
OFF-SITE/ CASH-IN-LIEU	• easier to administer • won't impact on project financing • no impact on unit marketing or design • could be administered within existing City organizations • more flexible disposition of the exaction	• municipality or non-profit housing responsible for production • less opportunity for social integration • time lag before units actually built • may be difficult to control when required units are actually built

- From a municipal perspective, on-site incorporation of Inclusionary units with market units should be required wherever possible and appropriate. To help achieve such integration, the municipality should consider expediting approvals and relaxing design standards, wherever possible.

- Where on-site integration is not appropriate (as may be deemed on a project by project basis by the municipality), cash-in-lieu should be exacted in place of the required Inclusionary units. Cash-in-lieu payments should be "pooled" by the City and used by a non-profit housing agency to provide low cost housing (e.g. Inclusionary, rental social, co-operative or other non-profit housing).

Potential Production

- The opportunities for on-site production of Inclusionary units is obviously a function of overall market production and the level of Inclusionary units required on site.

- At the present time, the supply of condominiums under construction within the City (3600 units) is approximately equivalent to 2 years demand at pre-recession levels. It is unlikely that these would be required to provide Inclusionary units. However, there are an additional 13,000 condominium units proposed in the pipeline which could be eligible for an Inclusionary exaction.

- If an exaction of 5% to 15% is employed, potential average annual production of Inclusionary units within the City could be:

Potential Market Condominium Unit Production Levels	**Low @1200 u./yr**	**Medium @1600 u./yr**	**High @2000 u./yr**
Potential Annual Production of Inclusionary Units			
@ 5% I.Z. Units	60	80	100
@10% I.Z. Units	120	160	200
@15% I.Z. Units	180	240	300

These potential yields assume that the Inclusionary Zoning exaction is not considered by condominium developers as a disincentive for development in Toronto. (ie. that the potential impacts on developer profit are not significant enough to encourage developers to build outside of the City where they may be able to realize a higher return on equity.)

- Assuming authorizing legislation for Inclusionary Zoning could be in place by 1993, we would not expect Inclusionary units to be available for occupancy until 1994 or 1995.

Design

- There are some design opportunities to reduce costs of condominium units by making Inclusionary units smaller, reducing the quality of the fit-up packages, eliminating second bathrooms and laundry room, allowing tandem parking, etc.

- However, the cost saving opportunities are minor when compared to the profit lost by selling Inclusionary units at prices well below market value.

- City design standards have been criticized by developers as requiring too much amenity space which is not wanted by condominium purchasers. It would seem worthwhile to investigate this further as a possible area of cost reduction.

Implementation and Administrative Issues

- Our investigation has raised a series of fundamental issues related to the implementation and administration of an Inclusionary Zoning program in the City. These include:

(i) Should the municipality focus on a specific household group (upper-middle income family renters) who may not be disadvantaged except for an inability to purchase housing within the City of Toronto?

(ii) Is the expenditure of municipal administrative resources to house potentially 100-300 households annually in this target group the best use of these resources?

(iii) How will potential purchasers be pre-qualified? By whom (by the City, by a non-profit housing agency responding to the City, or by the developer subject to City approval)? What criteria will be applied for pre-qualification? (household income? marital status? length of employment? place of residency? place of employment? access to 25% downpayment? etc.)

(iv) Should/will government subsidies be made available to cover any portion of the required downpayment? to cover any portion of legal fees?

(v) Should on-going condominium maintenance fees be fixed at a maximum level for Inclusionary purchasers? If so, who will pay for condo fees required over and above that level? (market condominium purchasers? and, if so, will this create hostilities and segregations within the condo project? or should government subsidies be made available?)

(vi) Can the required Inclusionary units be provided in a separate building on the same site?

(vii) Can Inclusionary units be marketed and/or occupied after a majority of market units are sold?

(viii) Who should dictate unit sizes and mix? (the market? the City?)

(ix) Who will be responsible for apportioning Inclusionary units? (the developer? the City? a non-profit housing agency?)

(x) How will Inclusionary potential purchasers be identified? (through pre-qualified lists? media advertisements? lottery? first-come/first-served?)

(xi) If purchasers for some Inclusionary units cannot be found within a reasonable period of time, should the units be sold at market prices (if so, to whose profit, the City's or the developer's)? Should a selling period be tagged for these units (if so, how long)?

(xii) What legal mechanisms will be used to re-acquire control of the unit when it is sold? Who will be responsible for resale? (the original purchaser? the City? a non-profit housing agency?)

(xiii) Do the Inclusionary units stay within an increasing pool of low cost units?

(xiv) Should resale controls be placed on Inclusionary units to ensure they remain affordable? Should such controls be registered on title to bind subsequent purchasers? If so, should such registrations on title be for a short period of time (e.g. 3-5 years)? a longer period (15-20 years)? or indefinitely?

(xv) How would Inclusionary resale prices be established? If long term affordability is the intent of the Inclusionary Zoning program, some objectively verifiable method of monitoring and preserving the ratio between housing prices and household income must be established. Should such controls be established based on increases in average household incomes for the target group (say resale prices at 2.5 to 3 times household income)? or to average increases in the price of market condominium units in the area (e.g. if market condominium unit prices increased 5% in the first year, Inclusionary unit resale prices would be set at 5% above their original purchase price)? or tied to a price index which factors housing price increases, but may or may not factor escalations in land values?

(xvi) If resale prices are not registered on title, or otherwise contracted with the City, how will affordability of Inclusionary units be monitored?

(xvii) Should minimum occupancy requirements be applied to Inclusionary units to ensure these units are accommodating the group they were intended for?

(xviii) While security of tenure may be a strong incentive for potential purchasers of Inclusionary units, if there is no potential increase in price, the benefits to the purchaser (as a hedge against inflation) are limited.

(xix) If the opportunities for price increases are limited, mortgage lenders may see higher risk which, in turn, could mean lower ratio mortgages and more stringent payment requirements.

(xx) If the City is pre-qualifying potential Inclusionary purchasers within a condominium, does this imply a legal responsibility in case of mortgage default, default on condominium fees, or other liabilities?

(xxi) How can mortgage lenders obtain unencumbered title if the purchaser defaults? Must the lender sell the unit through the Inclusionary program? If so, what special legal provisions within the mortgage and the purchase and sale agreements could facilitate this process, thereby reducing lender risk and ensuring normal mortgage terms to purchasers?

(xxii) What provisions are required to enable lenders to treat on-site Inclusionary units in the same way as market units for the purpose of calculating maximum project lending?

(xxiii) Should density increases be permitted to ease the transition and introduction of Inclusionary Zoning? If so, to what extent and for what period of time?

(xxiv) If cash payments are to be permitted in certain cases in lieu of providing the required Inclusionary units, should the City establish clear policy parameters for such payments or should they be permitted on a site by site basis?

(xxv) If off-site provisions for Inclusionary units are to be permitted in some cases, should developers be permitted to "pool" and/or sell their obligations? Should conditions be set by the City on when such units must be built?

(xxvi) Who will be responsible for monitoring the production and availability of Inclusionary units, as well as the success of the Inclusionary Zoning program?

(xxvii) Should Inclusionary cash-in-lieu exactions be pooled to provide all forms of low cost housing, or just Inclusionary housing?

(xxviii) Should Inclusionary exactions apply only to residential condominium development? Should they apply to condominiums produced for temporary rental through investment syndicates?

(xxviii) Is it desirable to exact a subsidy for low cost housing from the construction of market housing within the City?

APPENDICES

APPENDIX A

INCLUSIONARY HOUSING IN PRACTICE: REVIEW OF PROGRAMS IN OTHER JURISDICTIONS

APPENDIX A1 - SUMMARY CHART: CALIFORNIA INCLUSIONARY HOUSING PROGRAMS

Municipality	Program Requirements	Alternatives Offered	Income and Price Definition	Occupancy and Affordability Controls	Priority Categories	Program Incentives And Other Features
Avalon	20% of developments over 5 dwelling units.	None	Standard income[1] price <2.5 times median income.	Price may not exceed 2.5 times median as adjusted by HUD.	N/A	Avalon has special program under which hotels must provide rental units for lower income employees.
Chula Vista	10% of developments over 50 dwelling units.	None	Standard Income.	Resale controls negotiated on case-by-case basis.	None	-
Corte Madera	10%-15% of developments over 10 dwelling units depending on density.	1. Offsite provision of units. 2. Payment of fee in lieu of production.	Standard Income.	20-year deed restriction with price controls.	1. People working or renting in Marin County. 2. People working or renting in city.	For each two moderate income units required a developer may substitute one low-income unit. Fee waivers and fast-tracking in place.
Cupertino	10% of developments over 10 dwelling units and 6 dwelling units/acre density.	None	80-120% of median and asset limit.	Resale controls in effect for 50 years with city option to extend 50 more years.	Priority for families with wage earner in Cupertino Sphere of influence.[2]	City will expedite processing of inclusionary developments, and provide infrastructure and other assistance to developers who provide more than 10% of the units for L/M income.
Davis	No fixed percentage. Targets keyed to growth control ordinance "points" up to maximum of 1/3 low-price and 1/3 moderate-price units.	None	No income standard. Price standard in 1983 as follows: House:Low <$60,000 Mod:-$60-$82,000 Condo: Low - <$55,000 Mod: -$55-$67,000	Two-year owner occupancy requirement. No resale controls.	None	City considered establishing income standards for program and lower sales price levels.
Del Mar	10% low income in all developments.	Payment in lieu of fee.	Section 8 limits.	Deed restriction in perpetuity.	None	1. City has accumulated $100,000-$150,000 in unspent in lieu fees paid by developers. 2. City also has 10%-20% inclusionary requirement for condo conversions.

Note: Income levels are in 1984 dollars U.S.

APPENDIX A1 - Cont'd

Municipality	Program Requirements	Alternatives Offered	Income and Price Definition	Occupancy and Affordability Controls	Priority Categories	Program Incentives And Other Features
Fairfax	Same as Corte Madera.	Same as Corte Madera.	Standard Income.	Same as Marin County.	N/A	Incentives include fee waivers and fast-tracking.
Irvine	Planning targets set for each section generally 10% moderate income with variable low income percentage.	None.	Standard Income sales price 3xincome; rental at 30% of income.	1-year occupancy requirement; no resale controls.	1. Primary wage earner employed in Irvine. 2. Secondary wage earner employed in Irvine. 3. All others.	1. City offers various incentives, including priority processing, fee waivers, reduction of parking area and park dedication requirements. 2. City also has carried out large-scale Section 8 New Construction Program.
Livermore	10% low income in developments over 5 dwelling units.	Payment in lieu fee @ $833 per dwelling unit (1984 American dollars).[3]	Under 80% median.	None.	None	City has accumulated $180,000 from in lieu fees; 1st project (20 units) to use funds from this source in planning stages.
Los Angeles	15% (6% low and 9% moderate) of developments over 5 dwelling units.	None.	Low 0-50% median. Mod 50%-80% median.	Deed restriction with right of 1st refusal to City.	N/A	Program applies only where federal subsidies are available.
Los Gatos	10% moderate income in all developments.	None.	80%-120% median.	Deed restriction and price control on resale.	N/A	-
Marin County	All developments over 10 dwelling units with density <6 dwelling units an acre, 10% moderate inc; <6 dwelling units an acre, 15% moderate inc.	Payment of in lieu fee.	80-120% median.	Deed restriction with price limited to lower of increases in 1. price index. 2. median income. 3. market value.	N/A	County has accumulated $450,000 from in lieu fees by developers.
Monterrey	15% moderate income in developments over 10 dwelling units.	None.	0-120% median price 3x income.	Deed restriction with resale price controls.	Priority for Monterrey residents.	-
Napa	Voluntary density bonus program.	None.	N/A	Resale controls through contract.	N/A	N/A

APPENDIX A1 - Cont'd

Municipality	Program Requirements	Alternatives Offered	Income and Price Definition	Occupancy and Affordability Controls	Priority Categories	Program Incentives And Other Features
Nevada County	Voluntary density bonus to provide 25% of lots for low- and moderate income units.	None.	0-120% median.	Planned but not yet established.	N/A	-
Novato	1. Some zones mandatory 20% (5% low and 15% moderate). 2. Other areas voluntary program up to 15.	Payment of in lieu fee.	Standard Income Price to be affordable to low income @ 25% income, mod - income @ 30%.	City right of 1st refusal for 30 year period.	Extensive priority ranking system.	City has accumulated $400,000 from in lieu fees paid by developers. Fee waivers and fast tracking in place.
Orange County	25% requirement in development over 5 dwelling units in selected areas.[4]	Transfer credit program.	Low 0-80% median Mod 1:80-100% Mod 2:100-120% If federal, state or local subsidies are available for financing, 10% of new homes in a development must be affordable to families earning less than 50% of the county median income, 10% to families earning 80-100%; and 5% to families earning between 100-120% of the median income.	20 year deed restriction with right of 1st refusal on some units; other controls on other units.	None.	1. County offers many incentives, including priority processing, reduced standards and requirements. 2. County has issued over $200 million in tax-exempt bonds to support the program. 3. 10% density bonus or 25% above the zoning designation or whichever is greater.
Palm Springs	Voluntary program with density bonus.	N/A.	No Standard Income.	Covenant on resale with resale price control tied to CPI increase.	N/A	Program is characterized by city as "middle income" program.

APPENDIX A1 - Cont'd

Municipality	Program Requirements	Alternatives Offered	Income and Price Definition	Occupancy and Affordability Controls	Priority Categories	Program Incentives And Other Features
Palo Alto	10% moderate income in developments over 10 units.	Payment of in lieu fee only at city option.	80-120% median and asset limits.	30-year rolling-[5]deed restriction with resale price control and right of first refusal.	Families who live or work in city.	1. City sees inclusionary program as only one part of housing program; has rehab. programs for low-income households. 2. Program is excellent example of cooperation between city government and strong non-profit corporation.
Petaluma	Target of 10-15% keyed to "points" in growth control ordinance.	1. Donation of land. 2. Payment of in lieu fee.	Very Low 0-50% Low 50-80% median Mod 80-120% median	No occupancy or affordability controls.	None.	Developers receive points under growth control ordinance for provision of low-and moderate-income housing; more points are offered for lower-income categories (very low/low).
Pleasanton	25% of developments over 4 dwelling units/tied to growth controls.	Payment of in lieu fee.	N/A.	No occupancy or affordability controls.	None.	-
San Diego City	25% density bonus for 20% of units of affordable to low inc. renters or moderate buyers.	None.	Rents may not exceed 30% of income or 90% of market rents.	Resale controls not specified.	N/A	Developers receive a further bonus for providing "very low income" units, or for providing low-income units in upper income area.
San Diego County	20% density bonus for 15% of units for lower-income households.	Option to provide lower income units on other site.	Income standards not specified.	Rental units must be reserved for lower income occupancy for "useful life of structure".	N/A	All lower-income units must be rental units.
San Francisco	Housing requirement for office/commercial developers over 50,000 square feet area.	Payment of in lieu fee as determined by city.	Varies with nature of project.	Varies with nature of project.	Varies with nature of project.	City targets funds from office developers to various programs; Sec. 8, public housing rehabilitation, and a shared appreciation mortgage fund.

APPENDIX A1 - Cont'd

Municipality	Program Requirements	Alternatives Offered	Income and Price Definition	Occupancy and Affordability Controls	Priority Categories	Program Incentives And Other Features
Santa Clara County	10% LM income in subdivisions over 10 dwelling units with 10% density bonus.	1. Deed lots to county. 2. Payments of in lieu fee.	N/A.	Not yet established.	N/A	County has $5,000 in fund from in lieu fees paid by developers.
Santa Cruz City	15% of developments over; 10 dwelling units bonus to increase to maximum of 25%.	1. Combined site (off-site development) option. 2. Transfer credit program.	Standard Income with asset limit.	Resale control with city right of 1st refusal or 30-year period.	None.	1. 120 of units built to date used Section 8 subsidies. 2. City requires that any rental units must be low-income units.
Santa Cruz County	15% of development over 5 dwelling units.	Transfer credit program.	Standard Income.	30-year resale deed restriction.	None.	County uses tax-exempt mortgage revenue bonds in support of inclusionary program.
Santa Maria	10-15% requirement imposed on general plan amendments.	None.	80-120% median.	N/A.	None.	City participates in county tax-exempt revenue bond program.
Santa Monica	.25-.3 LM income per 1 market unit in all MF projects.	Payment of in lieu fee.	Subcategories in 0-120% median range to be established to reflect city distribution.	Occupancy and affordability controls to be devised.	N/A	Santa Monica has generated some low- and moderate-income units through contributions by non-residential developers.
Sunnyvale	10% of developments over 10 dwelling units.	None.	80-130% median/price range from $34,717 (studio) to maximum of $90,486 (3+ bedroom unit)(1984 dollars).	Deed restrictions with resale price control and right of 1st refusal.	Families who live or work in city.	City offers 15% density bonus.

APPENDIX A1 - Cont'd

Municipality	Program Requirements	Alternatives Offered	Income and Price Definition	Occupancy and Affordability Controls	Priority Categories	Program Incentives And Other Features
Tiborun	Negotiated % in developments over 10 dwelling units as condition of plan approval.	Payment of in lieu fee.	80-120% median.	20 year deed restrictions.	1. Elderly and handicapped. 2. City workers. 3. Long-term city residents. 4. Families with children. 5. People locally employed.	-

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Source: Malach, Allan. Inclusionary Housing Programs: Policies & Programs. 1984. pp. 201-213.
Prepared by: Malone Given Parsons, (December 1990)
Updated using data supplied by the APA (December 1990)

Notes:
[1] "Standard Income" refers to municipalities that apply the (California) standard income definition of 0-80% of area median for low-income, and 80-120% of area median for moderate-income households.
[2] The "sphere of influence" of a city, under California law, includes that city as well as whatever unincorporated area adjacent to that city is anticipated to be annexed by the city in the near future.
[3] This figure refers to the fee per unit in the whole development, not per low-and moderate-income unit waived.
[4] Orange County program applied only to areas in which county planners have determined that under 25% of the existing housing stock was "affordable".
[5] A rolling restriction is one in which the time period begins anew with each resale, rather than representing a fixed period dating from the initial transaction. Originally, Palo Alto had a 59-year rolling period.

APPENDIX A2 - SUMMARY CHART: INCLUSIONARY PROGRAMS IN NEW JERSEY

Municipality/ Name of Dev.	How Administered	Affordability Control	How Price Incr. is Calc.	Managed By	Marketing	Method of Selection	Pricing
Bedminister/ The Hills Parkside	By Bedminister Hills Non Profit Housing Corp. 2 Municipal members. Staff paid by developer.	Sales: 40 yrs. Rental: 15 yrs.	Change in Nat'l median income.	Non-Profit Housing Corp.	Local papers, Star Ledger, meetings with local organizations.	Priority list - 3 priority categories.	Low: 45% of median moderate: 72% of median (average of range) 3 price levels for each bedroom size and inclusion category Rents: $275-500/mo.
Bridgewater/ Hovnanian Vandernaven	By municipality.	Sales: 30 yrs. Rental: 30 yrs.	Increase in CPI but must remain affordable.	Housing Director and Board.	Bergen Record & Star Ledger; local advertising of affordable housing program but not specific development.	Priority list. 10 priority categories.	Low: 45% of Med. Moderate: 72% of med. -$7,000 for 2 bdrm. $10,000 for 3 bdrms.
Chatham/ Baker-Firestone Vernon Grove	By Glenwood Housing Corp. (non profit) 9 trustees including developer + 4 municipal officers. Staff paid by developer.	Sales: 30 yrs. Rental: N/A.	75% of CPI + fees + cost of improvements.	Developer sponsors management corporation.	Bergen Record Local papers, local meetings.	1st come 1st serve in each of 5 priority categories.	Low - 45% of med. Moderate: 72% of med. $7,000-9,000 on first 36 units.
East Brunswick Bradgate Summerhill Meadows	Developer distributes applications & determines eligibility. Municipal Housing Director then completes the full application.	Sales: 30 yrs. Rental: N/A.	CPI + cost of improvements.	Municipal Housing Specialist.	Home News, word of mouth, worked from existing waiting list.	Priority list. 2 priority categories.	Low: 47% of med. Moderate: 75% of med.
Franklin (Somerset) Hovnanian Society Hill	By developer.	Sales: 20 yrs. Rental: N/A	N/A	Consultant.	Star Ledger Home News frequent ads.	Lottery	Low: 45% of med. Moderate - 72% of med.

APPENDIX A2 - Cont'd.

Municipality/ Name of Dev.	No. of Units	Types of Structures	Types of Units	Unit Size in Sq. Ft.	Features Available	Amenities
Bedminister/ The Hills Parkside	216 units (162 sale, 54 rental)	(9) 3-storey 24 plex. Separate section of the development for low/mod. units.	Sales & rentals flats and duplexes mixed each building (6 rental/building)	Efficiency: 509 1 bedroom: 625 2 bedroom: 810 3 bedroom: 1007 All with one bathroom except 1-1/2 bath in 3 bedroom.	A/C included patios on 1st floor. De-icers on steps.	Pool, tennis, jogging, basketball, common building.
Bridgewater/ Hovmanian Vandernaven	69 Units	3-storey 24 plex double buildings. L/M mixed with market units.	Sales/flats	2 bdrm. - 893 3 bdrm. - 932 All with one bathroom.	A/C hook up available. Patio or balcony. Washer/dryer hook up. Trash compactors.	Pool, tennis, clubhouse.
Chatham/ Baker-Firestone Vernon Grove	72 Units	(4) 2-& 3-storey buildings. Sep. section for low and mod. but in centre of dev't. & same style.	Sales/flats	effic. - 395 1 bdrm. - 555-664 2 bdrm. - 676-710 3 bdrm. - 865 All with one bathroom.	A/C sleeve in wall. Attractive Tudor styling. No balcs. & reduced storage for low/mod units.	Pool, tennis $75/yr. extra to join.
East Brunswick Bradgate Summerhill Meadows	35 Units	2 storey buildings with 4-7 units/building. L/M mixed with market units.	Sales/Townhouses.	3 bdrm. - 1061 & patio. All with 1 1/2 bath.	A/C available (extra). Patio w/storage washer/dryer hook up. Cedar siding.	Pool, tennis common building.
Franklin (Somerset) Hovnanian Society Hill	56 Units	3-storey 24-plex double loaded buildings. L/M mixed w/market units (1 or 2/bldg.)	Sales/flats	2 bdrm. - 886 3 bdrm. - 922 All with 1 bathroom.	Hook ups for A/C & wash/dry. Patio or balcony.	Pool, tennis clubhouse.

APPENDIX A2 - Cont'd.

Municipality/ Name of Dev.	How Administered	Affordability Control	How Price Incr. is Calc.	Managed By	Marketing	Method of Selection	Pricing
Lawrence Hovnanian Lawrence Square Village	By developer. Municipality monitors.	Sales: N/A Rental: N/A In perpetuity.	Change in median income + improvements + cost of sale.	Consultant.	Trenton Times, local papers, large ads. Radio.	Lottery	N/A
Lincoln Park Hovnanian Society Hill	By developer. Municipality monitors.	Sales: 30 yrs. Rental: 15 yrs.	75% of CPI + cost of improvements + cost of sale.	Uncertain. Municipality seeking funds from developer.	8 local papers.	1st come 1st serve. No priority category.	Low: 50% of med. Moderate: 80% of med. and based on 25% for housing costs.
Piscataway Hovnanian Society Hill	By developer. Final certification by municipality.	Sales: 30 yrs. Rental: N/A.	N/A.	Consultant.	Star Ledger. Local papers.	Separate lottery. Each of 6 priority categories.	Low: 45% of med. Moderate: 72% of med.
Washington (Mercier) Carteret Realty Foxmoor		Sales: 30 yrs. Rental: N/A.	Change in median inc. + improvements + cost of sale.	Township Clerk.	Local papers for 1st units. No advertising since.	1st come 1st serve after priority list.	Low: 45% of med. Moderate: 72% of med.
West Windsor Trammell Crow Steward's Watch.	Jointly. Municipality markets & takes applications. Developer verifies and checks credit.	Sales: N/A. Rental: 30 yrs.	Mod: 30% of 72% of median income. Low: 30% of 45% of median income (all rentals).	Developer (rentals).	Local papers. Advertised only once.	1st come 1st serve after priority list.	Low: 45% of med. Moderate: 72% of med. Med. inc. varies by family size. Rent = 30% of qualifying income.

APPENDIX A2 - Cont'd

Municipality/ Name of Dev.	No. of Units	Types of Structures	Types of Units	Unit Size in Sq. Ft.	Features Available	Amenities
Lawrence Hovnanian Lawrence Square Village	164 Units	3 storey - 24 plex double loaded. L/M mixed with market units.	Sales/flats	2 bdrm. - 893 3 bdrm. - 932 All with 1 bathroom.	Hook ups for A/C & wash/dry. Patio or balcony.	Pool, tennis clubhouse. Tot lot.
Lincoln Park Hovnanian Society Hill	56 Units	(12) 3-storey 24 plex bldgs. double loaded. L/M mixed with market units.	Sales/flats	2 bdrm. - 866 3 bdrm. - 922 All with 1 bathroom.	A/C hook up. No Patio or balcony.	Pool, tennis clubhouse. Tot lot.
Piscataway Hovnanian Society Hill	109 Units	3-storey multi-plex double loaded. L/M mixed with market units.	Sales/flats	2 bdrm. - 838 3 bdrm - 867 All with 1 bathroom.	A/C hook up. Patio or balcony.	Pool, tennis clubhouse. Tot lot.
Washington (Mercier) Carteret Realty Foxmoor	68 Units	2-storey 12-plexes, double loaded. Mixed with market units.	Sales/2-bdrm. flats, 3 bdrm. townhouses.	Flats 2 bdrm. - 997 Townhouse 3 bdrm. - 1150 all with 1 bathroom.	A/C hook up. Patio with storage.	Pool, tennis.
West Windsor Trammell Crow Steward's Watch	103 Units (rental)	3-storey 20 & 24-plexes, double loaded. L/M mixed with market units.	Rental/flats	1 bdrm. - 520 2 bdrm. - 874 3 bdrm. - 1242 All with 1 bathroom except 2 baths in 3-bdrm.	A/C, patio or balcony, dishwasher, disposal, large storage, cedar siding.	2 pools, Adult clubhouse. Family center, wash/dry, car wash.

Source: Affordable Housing in New Jersey. The Results of Mount Laurel II and the Fair Housing Act. Dec. 1988
Prepared by: Malone Given Parsons (December 1990).

APPENDIX B

HOUSING AFFORDABILITY IN THE TORONTO MARKET CONTEXT

APPENDIX B1 - CMHC HOUSING STARTS, COMPLETIONS AND UNITS UNDER CONSTRUCTION BY TENURE, METROPOLITAN TORONTO, 1981 - OCTOBER, 1990

METROPOLITAN TORONTO

YEAR	STARTS	COMPLETIONS	UNDER CONSTRUCTION
1981			
Apartment Condominium	2,268 (25%)	2,638 (30%)	3,169 (36%)
Row Condominium	162 (2%)	74 (0.8%)	162 (2%)
Total Condominium	**2,430 (27%)**	**2,712 (31%)**	**3,331 (38%)**
Total Ownership Housing	6,838 (76%)	7,071 (80%)	5,404 (61%)
Total Rental Housing	2,197 (24%)	1,771 (20%)	3,478 (39%)
Total Housing	**9,035 (100%)**	**8,842 (100%)**	**8,882 (100%)**
1982			
Apartment Condominium	668 (8%)	1,542 (18%)	2,014 (24%)
Row Condominium	0 (0%)	73 (0.8%)	0 (0%)
Total Condominium	**668 (8%)**	**1,615 (19%)**	**2,014 (24%)**
Total Ownership Housing	3,034 (36%)	4,784 (55%)	3,281 (40%)
Total Rental Housing	5,423 (64%)	3,847 (45%)	4,983 (60%)
Total Housing	**8,457 (100%)**	**8,631 (100%)**	**8,264 (100%)**
1983			
Apartment Condominium	N/A	N/A	N/A
Row Condominium	N/A	N/A	N/A
Total Condominium	N/A	N/A	N/A
Total Ownership Housing	N/A	N/A	N/A
Total Rental Housing	N/A	N/A	N/A
Total Housing			
1984			
Apartment Condominium	688 (12%)	1,206 (15%)	532 (12%)
Row Condominium	6 (0.1%)	0 (0%)	6 (0.1%)
Total Condominium	**694 (12%)**	**1,206 (15%)**	**538 (12%)**
Total Ownership Housing	3,575 (61%)	3,919 (47%)	1,891 (43%)
Total Rental Housing	2,324 (39%)	4,365 (53%)	2,458 (57%)
Total Housing	**5,899 (100%)**	**8,284 (100%)**	**4,349 (100%)**
1985			
Apartment Condominium	2,167 (23%)	549 (9%)	2,150 (29%)
Row Condominium	11 (0.1%)	6 (0.1%)	11 (0.1%)
Total Condominium	**2,178 (23%)**	**555 (9%)**	**2,161 (29%)**
Total Ownership Housing	5,539 (59%)	3,793 (61%)	3,638 (49%)
Total Rental Housing	3,923 (41%)	2,377 (39%)	3,836 (51%)
Total Housing	**9,462 (100%)**	**6,170 (100%)**	**7,474 (100%)**
1986			
Apartment Condominium	2,915 (40%)	1,455 (20%)	4,441 (59%)
Row Condominium	27 (0.3%)	9 (0.1%)	29 (0.4%)
Total Condominium	**2,942 (40%)**	**1,464 (20%)**	**4,470 (60%)**
Total Ownership Housing	5,529 (76%)	4,358 (60%)	5,643 (75%)
Total Rental Housing	1,772 (24%)	2,933 (40%)	1,854 (25%)
Total Housing	**7,301 (100%)**	**7,291 (100%)**	**7,497 (100%)**

YEAR	STARTS	COMPLETIONS	UNDER CONSTRUCTION
1987			
Apartment Condominium	6,894 (61%)	3,605 (52%)	7,288 (61%)
Row Condominium	0 (0%)	132 (2%)	0 (0%)
Total Condominium	**6,894 (61%)**	**3,737 (54%)**	**7,288 (61%)**
Total Ownership Housing	8,779 (77%)	5,644 (81%)	8,351 (70%)
Total Rental Housing	2,585 (23%)	1,289 (19%)	3,616 (30%)
Total Housing	**11,364 (100%)**	**6,933 (100%)**	**11,967 (100%)**
1988			
Apartment Condominium	7,195 (61%)	1,912 (31%)	12,401 (71%)
Row Condominium	58 (0.5%)	0 (0%)	58 (0.3%)
Total Condominium	**7,253 (61%)**	**1,912 (31%)**	**12,459 (72%)**
Total Ownership Housing	9,288 (78%)	3,450 (56%)	14,016 (81%)
Total Rental Housing	2,577 (22%)	2,738 (44%)	3,370 (19%)
Total Housing	**11,865 (100%)**	**6,188 (100%)**	**17,386 (100%)**
1989			
Apartment Condominium	6,562 (58%)	8,011 (59%)	10,142 (70%)
Row Condominium	168 (1%)	142 (1%)	84 (0.6%)
Total Condominium	**6,730 (59%)**	**8,153 (60%)**	**10,226 (71%)**
Total Ownership Housing	9,106 (80%)	10,483 (77%)	11,812 (82%)
Total Rental Housing	2,252 (20%)	3,203 (23%)	2,602 (18%)
Total Housing	**11,358 (100%)**	**13,686 (100%)**	**14,414 (100%)**
1990 (to October 31)			
Apartment Condominium	3,891 (57%)	4,834 (54%)	8,315 (67%)
Row Condominium	23 (0.3%)	45 (0.5%)	62 (0.5%)
Total Condominium	**3,914 (57%)**	**4,879 (54%)**	**8,377 (68%)**
Total Ownership Housing	4,962 (73%)	6,377 (71%)	9,511 (77%)
Total Rental Housing	1,854 (27%)	2,628 (30%)	2,817 (23%)
Total Housing	**6,816 (100%)**	**9,005 (100%)**	**12,328 (100%)**

Source: CMHC Local - Housing Market Reports, 1981-October 1990 - Toronto Branch

Prepared by: Malone Given Parsons Ltd. (January 1991)

Notes: Total rental housing includes private and assisted rental.
Figures in brackets indicate percentage of total housing.

APPENDIX B2

STARTS, COMPLETIONS AND UNITS UNDER CONSTRUCTION: CITY OF TORONTO AND METROPOLITAN TORONTO, 1985-OCTOBER 1990

	1985					1986					1987				
	Freehold			Condo		Freehold			Condo		Freehold			Condo	
	Single	Semi	Row	Row	Apt	Single	Semi	Row	Row	Apt	Single	Semi	Row	Row	Apt
TORONTO															
Starts	103	92	57	11	1333	99	92	25	27	2034	106	126	32	0	2041
Completions	102	128	67	6	529	93	76	52	9	675	103	132	20	53	2058
Under Construction	46	30	47	11	1301	52	48	20	29	2652	55	44	22	0	2701
ETOBICOKE															
Starts	116	2	0	0	0	145	4	75	0	0	138	2	79	0	980
Completions	108	2	0	0	0	143	0	75	0	392	132	4	79	0	243
Under Construction	48	0	0	0	0	50	4	0	0	247	56	2	0	0	980
SCARBOROUGH															
Starts	2568	8	82	0	305	1660	4	53	0	713	934	2	23	0	1233
Completions	2326	4	199	0	20	2065	12	0	0	305	1080	2	53	0	504
Under Construction	1114	8	0	0	305	707	2	53	0	713	560	2	23	0	1236
YORK CITY															
Starts	16	26	0	0	0	23	32	0	0	0	23	16	0	0	127
Completions	13	28	0	0	0	20	32	0	0	17	22	20	0	0	170
Under Construction	6	10	0	0	15	9	10	0	0	170	10	6	0	0	127
EAST YORK															
Starts	12	2	0	0	0	25	0	0	0	0	20	2	0	0	107
Completions	12	2	0	0	0	19	0	0	0	0	21	0	0	0	0
Under Construction	5	0	0	0	0	11	0	0	0	0	10	2	0	0	107
NORTH YORK															
Starts	273	4	0	0	529	346	4	0	0	168	376	6	0	0	2409
Completions	237	10	0	0	0	305	2	0	0	66	316	2	0	0	630
Under Construction	163	0	0	0	529	205	2	0	0	630	265	6	0	0	2137
TOTAL METRO															
Starts	3088	134	139	11	2167	2298	136	153	27	2915	1597	154	134	0	6894
Completions	2798	174	266	6	549	2645	122	127	9	1455	1674	160	73	132	3605
Under Construction	1382	48	47	11	2150	1034	66	73	29	4441	956	62	45	0	7288

Continued...

APPENDIX B2 - Cont'd.

	1988					1989					1990 (Jan.-Oct.)				
	Freehold			Condo		Freehold			Condo		Freehold			Condo	
	Single	Semi	Row	Row	Apt	Single	Semi	Row	Row	Apt	Single	Semi	Row	Row	Apt
TORONTO															
Starts	92	38	44	0	2638	119	40	146	6	1753	83	14	7	0	664
Completions	70	50	33	0	696	104	52	114	0	242	82	22	27	0	1590
Under Construction	74	34	33	0	4632	89	22	54	6	3532	90	14	34	6	2531
ETOBICOKE															
Starts	276	6	0	0	962	139	12	0	33	695	381	10	0	0	1017
Completions	106	4	0	0	0	260	12	0	0	1097	158	6	0	0	0
Under Construction	226	4	0	0	1942	105	4	0	33	1151	327	8	0	33	1661
SCARBOROUGH															
Starts	1033	6	14	58	2430	1014	8	0	118	2926	160	4	0	0	1457
Completions	861	4	23	0	983	1060	4	14	142	1445	600	12	0	34	1963
Under Construction	730	4	14	58	2416	681	8	0	34	3897	240	0	0	0	2920
YORK CITY															
Starts	29	25	0	0	0	93	48	0	0	469	30	22	0	0	0
Completions	21	20	0	0	0	78	38	0	0	127	45	24	0	0	408
Under Construction	18	11	0	0	127	35	18	0	0	469	20	16	0	0	61
EAST YORK															
Starts	31	2	0	0	35	43	0	0	0	426	41	0	0	0	44
Completions	18	2	0	0	107	32	2	0	0	35	50	0	0	0	206
Under Construction	23	2	0	0	35	34	0	0	0	426	25	0	0	0	433
NORTH YORK															
Starts	439	0	0	0	1130	691	0	23	11	293	292	4	0	23	709
Completions	320	6	0	0	126	549	0	11	0	2875	460	0	12	11	667
Under Construction	384	0	0	0	3249	524	0	12	11	667	356	4	0	23	709
TOTAL METRO															
Starts	1900	77	58	58	7145	2099	108	169	168	6562	987	54	7	23	3891
Completions	1396	86	56	0	1912	2083	108	139	142	8011	1395	64	39	45	4834
Under Construction	1455	55	47	58	12401	1468	52	66	84	10142	1058	42	34	62	8315

Source: CMHC Local Housing Market Reports - Toronto Branch. 1985-October 1990
Prepared by: Malone Given Parsons, (December 1990)

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APPENDIX C

TORONTO'S CONDOMINIUM MARKET: SUPPLY AND PRICE TRENDS

APPENDIX C1 - CHMC HOUSING STARTS, COMPLETIONS AND UNITS UNDER CONSTRUCTION BY TENURE, CITY OF TORONTO, 1981 - OCTOBER 1990

CITY OF TORONTO

YEAR	STARTS	COMPLETIONS	UNDER CONSTRUCTION
1981			
Apartment Condominium	886 (39%)	1,258 (51%)	1,409 43%)
Row Condominium	76 (3%)	63 (3%)	76 (2%)
Total Condominium	**962 (42%)**	**1,321 (53%)**	**1,485 (45%)**
Total Ownership Housing	1,456 (64%)	1,904 (77%)	1,766 (54%)
Total Rental Housing[1]	810 (36%)	579 (23%)	1,506 (46%)
Total Housing	**2,266 (100%)**	**2,483 (100%)**	**3,272 (100%)**
1982			
Apartment Condominium	116 (6%)	939 (33%)	511 (22%)
Row Condominium	0 (0%)	53 (2%)	0 (0%)
Total Condominium	**116 (6%)**	**992 (34%)**	**511 (22%)**
Total Ownership Housing	273 (14%)	1,343 (47%)	557 (24%)
Total Rental Housing	1,682 (86%)	1,533 (53%)	1,773 (76%)
Total Housing	**1,955 (100%)**	**2,876 (100%)**	**2,330 (100%)**
1983			
Apartment Condominium	N/A	N/A	N/A
Row Condominium	N/A	N/A	N/A
Total Condominium	N/A	N/A	N/A
Total Ownership Housing	N/A	N/A	N/A
Total Rental Housing	N/A	N/A	N/A
Total Housing			
1984			
Apartment Condominium	371 (25%)	210 (10%)	497 (26%)
Row Condominium	6(0.4%)	0 (0%)	6 (0.3%)
Total Condominium	**377 (25%)**	**210 (10%)**	**503 (26%)**
Total Ownership Housing	622 (41%)	366 (18%)	668 (35%)
Total Rental Housing	882 (59%)	1,696 (82%)	1,254 (65%)
Total Housing	**1,504 (100%)**	**2,062 (100%)**	**1,922 (100%)**
1985			
Apartment Condominium	1,333 (42%)	529 (27%)	1,301 (44%)
Row Condominium	11 (0.3%)	6 (0.3%)	11 (0.4%)
Total Condominium	**1,344 (42%)**	**535 (27%)**	**1,312 (44%)**
Total Ownership Housing	1,596 (50%)	832 (42%)	1,435 (48%)
Total Rental Housing	1,605 (50%)	1,138 (58%)	1,550 (52%)
Total Housing	**3,201 (100)**	**1,970 (100%)**	**2,985 (100%)**
1986			
Apartment Condominium	2,034 (57%)	675 (29%)	2,652 (62%)
Row Condominium	27 (0.8%)	9 (0.4%)	29 (0.7%)
Total Condominium	**2,061 (57%)**	**684 (30%)**	**2,681 (63%)**
Total Ownership Housing	2,277 (63%)	905 (39%)	2,801 (66%)
Total Rental Housing	1,314 (37%)	1,407 (61%)	1,456 (34%)
Total Housing	**3,591 (100%)**	**2,312 (100%)**	**4,257 (100%)**

YEAR	STARTS	COMPLETIONS	UNDER CONSTRUCTION
1987			
Apartment Condominium	2,041 (57%)	2,058 (61%)	2,701 (60%)
Row Condominium	0 (0%)	53 (29%)	0 (0%)
Total Condominium	**2,041 (57%)**	**2,111 (63%)**	**2,701 (60%)**
Total Ownership Housing	2,305 (65%)	2,366 (70%)	2,822 (63%)
Total Rental Housing	1,264 (35%)	995 (30%)	1,681 (37%)
Total Housing	**3,569 (100%)**	**3,361 (100%)**	**4,503 (100%)**
1988			
Apartment Condominium	2,638 (66%)	696 (33%)	4,632 (73%)
Row Condominium	0 (0%)	0 (0%)	0 (0%)
Total Condominium	**2,638 (66%)**	**696 (33%)**	**4,632 (73%)**
Total Ownership Housing	2,812 (71%)	849 (41%)	4,773 (75%)
Total Rental Housing	1,158 (29%)	1,243 (59%)	1,601 (25%)
Total Housing	**3,970 (100%)**	**2,092 (100%)**	**6,374 (100%)**
1989			
Apartment Condominium	1,753 (57%)	2,432 (57%)	3,532 (75%)
Row Condominium	0 (0%)	0 (0%)	6 (0.1%)
Total Condominium	**1,753 (57%)**	**2,432 (57%)**	**3,538 (75%)**
Total Ownership Housing	2,064 (67%)	2,702 (64%)	3,703 (79%)
Total Rental Housing	1,003 (33%)	1,533 (36%)	997 (21%)
Total Housing	**3,067 (100%)**	**4,235 (100%)**	**4,700 (100%)**
1990 (to October 31)			
Apartment Condominium	664 (58%)	1,590 (64%)	2,531 (72%)
Row Condominium	0 (0%)	0 (0%)	6 (0.2%)
Total Condominium	**664 (58%)**	**1,590 (64%)**	**2,537 (73%)**
Total Ownership Housing	768 (68%)	1,721 (70%)	2,675 (77%)
Total Rental Housing	369 (32%)	755 (30%)	818 (23%)
Total Housing	**1,137 (100%)**	**2,476 (100%)**	**3,493 (100%)**

APPENDIX C2

NEW CONDOMINIUM PROJECTS PROPOSED, UNDER CONSTRUCTION READY FOR OCCUPANCY AND COMPLETED CITY OF TORONTO PLANNING AND DEVELOPMENT DEPARTMENT, SPECIAL TABULATION (DATA TO OCTOBER 30, 1990)

STAGES IN MONITORING DEVELOPMENT*

STAGE 1: APPLICATIONS FOR COUNCIL APPROVAL

Any applicant with a development proposal which does not comply with the zoning by-law or which falls within a Development Review area must first apply to City Council for approval before an application for a building permit can be granted.

PROJECTS REQUIRING PRIOR APPROVAL OF COUNCIL

STAGE 2: COUNCIL APPROVAL

Upon review of the applicant's proposal by the departments involved, a report is compiled and forwarded to City Council and its Committees. This report contains the recommendations of staff upon which Council finally bases its decision to approve or refuse a rezoning, and whether or not to enter into a development agreement. Approval, if given, may be conditional on significant changes to the proposal.

STAGE 3: PERMIT APPLICATION

Once Council approval is granted, the applicant may submit final plans for approval to the Buildings and Inspection Department in the form of a permit application. Projects which initially comply with the zoning by-law and are outside Development Review areas enter the monitoring system for the first time at this point.

PROJECTS NOT REQUIRING PRIOR APPROVAL OF COUNCIL

STAGE 4: ISSUANCE OF A PERMIT

Provided that the project satisfies the Building Code, fire safety requirements and the zoning by-law, a permit is issued. The permit gives the developer the right to begin work on the project within six months of date of issue.

STAGE 5: WORK STARTED BUT NOT COMPLETED

Upon issuance of a permit the developer may commence work immediately on the site of the proposed development. In some instances, work starts are delayed or even cancelled due to unforeseen circumstances encountered by the developer.

STAGE 6: READY FOR OCCUPANCY

A structure is classified as ready for occupancy once notification has been received from the Fire Department that the proposal has met all fire safety regulations/requirements or once a field inspection has determined that the structure is wholly or partially occupied.

STAGE 7: WORK COMPLETED

Once field inspection has determined that work on a site is completed, the project has reached the seventh and final stage in the Development Control Process. The current building stock is now either credited or debited the amount of gross floor area in the project.

* DEVELOPMENT RELATES TO CONSTRUCTION, DEMOLITION AND ALTERATION ACTIVITY

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                                   RESIDENTIAL PROPOSALS IN STAGE 1            16:37 FRIDAY, NOVEMBER 30, 1990    1
--------------------------------------------------------- STAGE=1 ----------------------------------------------------------
          NUMBER   FSFX   STREET             CONDO    RE       DR       BP    UNITS   STORIES   PARKING

             323          ALBANY AV                   12236                      26         3        43
             335          ALBANY AV                            389210            40         5        36
              46          AVENUE RD                   12256                     160        28       380
              24          BATHURST ST                 12088                      18         4       740
              40          BAY ST                      12261                    1001         0         0
             734          BAY ST                      12143                     301        29       191
             734          BAY ST                               389139           192        21       130
             740          BAY ST                      11958                     214        27       172
             770          BAY ST                      11930                     280        28       210
             770          BAY ST                      12160                     277        27       210
            1310          BAY ST                               380104            10        12        19
            1670          BAYVIEW AV                  12230                      10         5        49
              47          BENLAMOND AV                12270                      42         6        62
              85          BLOOR ST E                           390073            30        17        81
             300          BLOOR ST E                  12102                     114        32       237
               2          BLOOR ST W                  12258                     178         0       106
             820          BLOOR ST W                  12224                      66         6        31
            1200          BLOOR ST W                           380124             6         3         0
            1370          BLOOR ST W                  12177                     831        12       727
            2141          BLOOR ST W                  12042                      20         8        40
             616          CHAPLIN CR                  12118                      33         0       267
              77          CHARLES ST W                12109                     102         7        70
              86          CHARLES ST W                11968                      67         8       166
             200          CHURCH ST                   12130                      17         6        90
             625          CHURCH ST                   12210                      84        19       187
             320     A    COXWELL AV                  12201                      10         3        10
            2360          DANFORTH AV                 12082                      47         6        87
            2010          DAVENPORT RD                12162                      56         5        79
              76          DUNDAS ST E                 12138                      43        12       100
             131          DUNDAS ST W                 12200                    1066        38       888
             186          DUNDAS ST W                 12166                      82        17        87
            2382          DUNDAS ST W                 12111                     322        24       403
            1245          DUPONT ST                   12197                     585        18      1402
             358          EASTERN AV                  12237                      98        17       169
              70          EDWARD ST                   12183                     485        27       276
             212          EGLINTON AV E                        390067            33        16       122
             420          EGLINTON AV W                        388176             8         3         3
             121          ERSKINE AV                  12102                      20         6        20
              81          FRONT ST E                           389142           144        12       160
            1053          GERRARD ST E                12063                      24         5        26
             283          GILMOUR AV                  12205    389172            16         0         0
              13          GRANGE AV                            388106             7         3         4
              51          GRANGE AV                   12128    387286             8         3         4
              20          HAYDEN ST                   12187                     325        16       199
              30          HAYDEN ST                   12141                      62        20        80
              37          JARVIS ST                   12276                     201        12       128
              84          JARVIS ST                            390098             9        12        21
              96          JONES AV                    12066                       8         5        10
             109          JONES AV                    12068                      16         4         0
              37          KING ST E                   12056                      30        20         0
             490          KINGSTON RD                 12063                       8         3        10
             714          KINGSTON RD                 12264                      25         9        24
             940          KINGSTON RD                 12219                      22         4        34
             486          LESLIE ST                   12231                      13         3        16
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---------------------------------------------------------- STAGE=1 -----------------------------------------------------------

     NUMBER   FSFX   STREET                CONDO    RE       DR       BP   UNITS   STORIES   PARKING

         77          LOMBARD ST                     12043                     44         7        43
        196          MERTON ST                      11706                    230        12       346
         53          MUTUAL ST                      12220                     34        10        24
         81          MUTUAL ST                               300080           49         8        24
        296          PARLIAMENT ST                  12164                     48         6        38
        520          PARLIAMENT ST                  12228                     10         3         8
        803          PARLIAMENT ST                           300211           14         6         0
        138          PERTH AV                       12172                    103         8       313
       1166          QUEEN ST E                              300008           18         4        18
       1804          QUEEN ST E                              300016           29         4        37
       1941          QUEEN ST E                              309171           12         3        19
       2243          QUEEN ST E                              309157            8         3         8
       2327          QUEEN ST E                              306066            6         3        16
       2349          QUEEN ST E                              307121            6         3         6
        262          QUEEN ST W                              308048           16         8        82
        835          QUEEN ST W                              300042           12         3         2
       1227          QUEEN ST W                              307064           38         4        43
        386          QUEENS QUAY W                           307016          194         9       244
        441          QUEENS QUAY W                  12103    300133          106         9       206
          3          INVALID STREET CODE                     300082          407        42      1118
       2336          ST CLAIR AV W                           300047           16         3        24
        111          ST GEORGE ST                            390020          286         3         0
        228          ST GEORGE ST                   12198    388007           17         3        17
        260          ST HELEN'S AV                  12212                    338        14       320
         80          ST JOSEPH ST                   12080                    886        32       800
         84          ST PATRICK ST                  12093                    298        18       186
        121          ST PATRICK ST                  12178                     48        12        38
         18          ST THOMAS ST                   12180                     47        28        98
         18          ST THOMAS ST                   12267                     38        21        96
        182          SHERBOURNE ST                           300118           21         3         6
         88          SHUTER ST                      12282                     80         9        61
        436          SPADINA AV                     12169                     27         6        37
        198          SPADINA RD                     12242                      6         4         6
        106          VICTORIA ST                             309178           46        16        60
        210          VICTORIA ST                    12209                    307        21       301
         88          WOODROW AV                              300016           34         2        34
        384          YONGE ST                                308101          830        22       307
        476          YONGE ST                                300033          678        17       424
       1346          YONGE ST                       12168    309111           13        10        84
       2401          YONGE ST                       12203    309160          176         7       207
       2721          YONGE ST                                300062           98         6       264
         11          YORKVILLE AV                   12022                     15         9        48
        124          YORKVILLE AV                   12240                     22        10        86
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                                                      SAS                              14:17 TUESDAY, OCTOBER 30, 1990   1
----------------------------------------------------- STAGE=2 ---------------------------------------------------------

        NUMBER    FSFX    STREET              CONDO      RE        DR       BP    UNITS    STORIES    PARKING

            17            CARLAW AV           488020             388167              0          0          7
            11            WOODLAWN AV W       488024             387269              6          3         11
           362            BATHURST ST         489008             388171              3          3          3
           253            WELLESLEY ST E      489012    11784                        9          2         19
            27            RONCESVALLES AV     489015             387268              0          5         42
            62            HOWLAND AV          490005             389173              8          4         10
          2112            QUEEN ST E          490024             388076             38          4         42

----------------------------------------------------- STAGE=3 ---------------------------------------------------------

          NUMBER    FSFX     STREET      CONDO      RE       DR       BP      UNITS    STORIES    PARKING

              1              RIPLEY AV   489023    11927            285401     132        9         165

----------------------------------------------------- STAGE=5 ---------------------------------------------------------

        NUMBER    FSFX    STREET              CONDO      RE        DR        BP     UNITS    STORIES    PARKING

            73            SIMCOE ST           488003    11971              260174      87        25         101
           280            BLOOR ST W          488016    12014                          74        13         305
            99            COLEMAN AV          488021                                   18         2          22
             2            MAPLE AV            488022                                   -1         0           3
           222            THE ESPLANADE       489001             386209    252832     348        13         189
           452            COLLEGE ST          489002    11921                          89         8          84
            33            UNIVERSITY AV       489003    11989    387288    259394     225        28         197
            92            KING ST E           489004    12006    387091    261597     212        17         167
            77            HARBOUR SQ          489005    11502    386168    259819     812        39         955
            24            WELLESLEY ST W      489013    11912    387188    265809     352        29         258
            40            SCOLLARD ST         489016             386125    254942      96        15          60
            87            AVENUE RD           489019             387004    255776      71         7         487
           257            ADELAIDE ST W       490001             388086                 0         6           0
            10            YONGE ST            490002    11773    387068    269708     700        37         656
           165            AVENUE RD           490008             389063    267919       0         6          29
           801            KING ST W           490009    11832                         403        12         460
           300            JARVIS ST           490012    11969              284428     124        18         191
            88            CRESCENT RD         490013                                    1         0           0
           407            BLOOR ST E          490017             388202    292724      24        16          26

----------------------------------------------------- STAGE=6 ---------------------------------------------------------

        NUMBER    FSFX    STREET                  CONDO      RE        DR        BP     UNITS    STORIES    PARKING

          1177            YONGE ST                44023    11465              196869     106         7         182
           207            QUEENS QUAY W           44024              31052                72        12          72
           668            ROSELAWN AV            149018    11913              253316     148         8          58
            18            LOWER VILLAGE GT ***   486003    11092      32051   189355     198         7         411
           388            QUEEN ST E             487011              385076   241015       8         3           6
            30            COLLEGE ST             488004    11950              250867     200        26         116
          1001            BAY ST                 488006    11828     387050   235489     563        36         380
            25            THE ESPLANADE          488009    11866     385120   241209     571        33         119
            80            CHARLES ST E           488018              388005              132         9           0
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------------------------------------------------------------ STAGE=6 ------------------------------------------------------------

  NUMBER    FSFX    STREET               CONDO      RE        DR        BP    UNITS    STORIES    PARKING

    2345            YONGE ST            489006    11690    388155    260491      95        11         434
     393            KING ST E           489011    11975    390006    264743      26         4          16
     655            BAY ST              489014    12047    388004    270112     434        33         385
     222            SPADINA AV          490019    11175    390130    251385     125        11         458

------------------------------------------------------------ STAGE=7 ------------------------------------------------------------

  NUMBER    FSFX    STREET               CONDO      RE        DR        BP    UNITS    STORIES    PARKING

       2            KEELE ST             40004              38016    121039      17         4          27
      89            ELM AV               40005                                    3         3           4
      58            ELM AV               40006                                    4         3           5
      40            HAZELTON AV          40007                                   -6         4          12
      15            MC MURRICH ST        40008    11174              144829     103        15         211
      61            ST CLAIR AV W        40009    10956              123130     152        18         365
     101            GLEN MANOR DR        40010                       131007      20         3          20
      62            WELLESLEY ST W       40012    11342              139304     102        19         129
     278            BLOOR ST E           40013    11193              142827     180        23         264
       2            HAWTHORN GDNS        40014                                    3         2           2
     300            AVENUE RD            40015                                    1         2           6
     315            AVENUE RD            40016                       136189      51         5         109
      13            KERR RD              40017    11308              124814      32         2          35
      26            WELLINGTON ST E      40020              39086    144439     121        21         248
      30            CHURCH ST            40022    11310     39017    136051      52         9          51
     211            ST PATRICK ST        40023              30042    143196     137        16         138
     280            SIMCOE ST            40024              30042    143196     130        15         131
     195            ST PATRICK ST        40025              30042    143196      88        10          99
     390            GEORGE ST            40026              38002    107446      33         3          33
      86            GERRARD ST E         40027    11292              130270      57        25          31
      77            CHURCH ST            41001    11322                          76         6          77
     135            GEORGE ST S          41002              39035    142456      52        10          61
      45            CARLTON ST           41003    11372     39027    137316     343        20         383
     102            AVENUE RD            41004              39043                 0         2           0
     106            AVENUE RD            41004              39043                 0         2           0
      11            TRANBY AV            41004              39043                 8         2          17
      75            MC CAUL ST           41005    11448               61963     616        12         632
     360            BLOOR ST E           41007    11607     39024    147756     162        17         224
      35            CHURCH ST            41010              30050    157574     306         8         675
    1246            YONGE ST             41013              30035    150862       6         5          20
     171            ROXBOROUGH ST E      41014                                    3         3           4
      95            SUMMERHILL AV        41015    11407     30065    162664      17         3          24
     256            JARVIS ST            41016              39055    150082      54        15          54
     240            BROADWAY AV          41017    11368              152294      26         2          42
     164            CUMBERLAND ST        41018    11244     36033    150571      32         7         162
     170            BEDFORD RD           41019              39091                 8         5          17
      70            ROSEHILL AV          42001              32024    170471      63         9         179
      94            CRESCENT RD          42002                                  -15         3          11
      12            DALE AV              42003                                   -4         0           2
      71            CHARLES ST E         42004    11110     39038    157117     101        14         109
     115            PEMBROKE ST          42005                                    6         2           0
     157            MADISON AV           42006                                    3         2           1
     150            BLOOR ST W           42007    11244     36033    150570     127        25         273
    1250            KING ST W            42008                       166143      31         4          43
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                                          SAS                                14:17 TUESDAY, OCTOBER 30, 1990   3

----------------------------------------------------------------- STAGE=7 -----------------------------------------------------------------

        NUMBER    FSFX    STREET              CONDO     RE      DR        BP    UNITS   STORIES   PARKING

           100            MADISON AV          42009                                -2         3         2
           102            MADISON AV          42009                                 2         3         2
           270            ADELAIDE ST W       42011                                 2         0         0
           109            JOHN ST             42011                                 0         0         0
           111            JOHN ST             42011                                 0         0         0
           113            JOHN ST             42011                                 2         0         0
           115            JOHN ST             42011                                 2         0         0
           141            ROEHAMPTON AV       42012                     161458     37        10        54
            38            EARL ST             42013   11462                         7         3        21
             8            HAWTHORN AV         42014                                -3         0         0
            55            WELLESLEY ST E      42015   11452   30003     164285     41         9        99
           701            KING ST W           42018   11314   33081     169847    179        13       140
            71            FRONT ST E          42019           32048                54         6        72
            35            ROSEDALE RD         42020                                 3         0         0
           192            JARVIS ST           42021           31066     171683     49        14        58
           133            DUNN AV             42022                                 7         2         9
           110            ATLANTIC AV         42023   11128             101679      2         3         2
           112            ATLANTIC AV         42023   11128             101679      2         3         2
           114            ATLANTIC AV         42023   11128             101679      2         3         2
           116            ATLANTIC AV         42023   11128             101679      2         3         2
           118            ATLANTIC AV         42023   11128             101679      2         3         2
           120            ATLANTIC AV         42023   11128             101679      2         3         2
           122            ATLANTIC AV         42023   11128             101679      2         3         2
           124            ATLANTIC AV         42023   11128             101679      2         3         2
           126            ATLANTIC AV         42023   11128             101679      2         3         2
           128            ATLANTIC AV         42023   11128             101679      2         3         2
           130            ATLANTIC AV         42023   11128             101679      2         3         2
           132            ATLANTIC AV         42023   11128             101679      2         3         2
           134            ATLANTIC AV         42023   11128             101679      2         3         2
           105            JEFFERSON AV        42023   11128             101681      2         3         2
           107            JEFFERSON AV        42023   11128             101681      2         3         2
           109            JEFFERSON AV        42023   11128             101681      2         3         2
           111            JEFFERSON AV        42023   11128             101681      2         3         2
           113            JEFFERSON AV        42023   11128             101681      2         3         2
           117            JEFFERSON AV        42023   11128             101680      2         3         2
           119            JEFFERSON AV        42023   11128             101680      2         3         2
           121            JEFFERSON AV        42023   11128             101680      2         3         2
           123            JEFFERSON AV        42023   11128             101680      2         3         2
           125            JEFFERSON AV        42023   11128             101580      2         3         2
           127            JEFFERSON AV        42023   11128             101680      2         3         2
           129            JEFFERSON AV        42023   11128             101680      2         3         2
           131            JEFFERSON AV        42023   11129             101680      2         3         2
           133            JEFFERSON AV        42023   11128                         2         3         2
           135            JEFFERSON AV        42023   11128             101680      2         3         2
           137            JEFFERSON AV        42023   11128             101680      2         3         2
           139            JEFFERSON AV        42023   11128             101680      2         3         2
           141            JEFFERSON AV        42023   11128             101680      2         3         2
            34            CURZON ST           42024                      96542     15         3        19
          1132            BAY ST              43001           31028     168724     25        18        38
            77            CARLTON ST          43003           31042     169516    130        16       156
            75            CRESCENT RD         43004                                -2         0         0
            41            SHANLY ST           43005                                10         2         7
           170            ROXBOROUGH ST E     43007                                -1         0         0
           633            BAY ST              43008   11546   32112     191903    476        26       315
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--------------------------------------------- STAGE=7 ---------------------------------------------

NUMBER   FSFX   STREET              CONDO   RE          DR       BP   UNITS   STORIES   PARKING

    67          ALVIN AV            43010                                 0       0           0
   574          WELLINGTON ST W     43011   11314    33081   169847      44       3         175
   570          WELLINGTON ST W     43012   11314    33081   169847      27       3          50
   177          GLENROSE AV         43014                                -1       0           0
    77          ADELAIDE ST W       43016   11339                         0      72         497
     6          BARTLETT AV         43017                                13       3          16
    55          PRINCE ARTHUR AV    43018   11505             180328     66      12         109
    20          GLEBE RD W          43019            33007   172611      22       5          25
    19          DUNDONALD ST        43020   11632             200503     36       6          37
    97          LEE AV              44002   11337                         0       3           0
   142          SPADINA RD          44003                                12       0           0
     5          CLARENDON AV        44005                                 0       2           8
    78          LOWTHER AV          44006            32053                3       2           3
   705          KING ST W           44007   11314    33081   169847     304      20         172
   289          SUMACH ST           44008                                10       0          10
   342          SPADINA RD          44009                     185009     21       6          52
   150          BEVERLEY ST         44010           385034               29       2          37
    66          AMELIA ST           44011                                 0       3           2
  1331          BAY ST              44012            33038   205505      24      10          22
   130          CARLTON ST          44013            33006   170787     121      15         243
   725          KING ST W           44014   11314    33081   169847     160      13          17
    39          TECUMSETH ST        44015   11314    33081   169847      26       3         126
     2          LYNWOOD AV          44016                      89356     16       7          43
   120          GLEN MANOR DR       44017            33095   199679      11       3          11
    77          MAITLAND PL         44018   11241    32122   169776     369      19         370
   890          YONGE ST            44019   11174    31114   188654      51      15          66
   108          SACKVILLE ST        44020                      98090      8       2           8
    41          SPRUCE ST           45002                      52393     11       3          14
   162          CRESCENT RD         45004                                 6       3           6
   150          HEATH ST W          45005                      64488     52      14         119
   350          GERRARD ST E        45006                      55885     14       2          18
   166          SHERWOOD AV         45007                      18146      9       3          12
   212          ST GEORGE ST        45009   11063                        41       5          51
    76          BIRCH AV            45010                      65855      7       2           9
   349          ST CLAIR AV W       45011                      70711     40       5          71
   831          RICHMOND ST W       45012                      75429     10       4          10
    50          COLEMAN AV          46001                      58439     22       3          22
    50          QUEBEC AV           46003   11045              64743    194      25         212
    90          EDGEWOOD AV         46005                      44847     37       3          46
    90          KIPPENDAVIE AV      46007                      76456     13       2          17
    10          BULLER AV           46008                      76363     14       2          19
   265          POPLAR PLAINS RD    46010                      75059      8       5          14
   195          ST CLAIR AV W       46011                      57742      7       4          13
     2          WITHROW AV          46012                      81006     22       2          22
  1666          QUEEN ST E          46014                      83145     34       3          43
   442          PERTH AV            46016                                 0       0           0
   442          PERTH AV            46016   11117              80597     21       3          29
    70          SHAFTESBURY AV      46017   11151              86213     10       3          17
    31          WALMER RD           47001                      88556     11       3          17
   407          WALMER RD           47002                      70710     16       8          30
   100          QUEBEC AV           47003   11045              86026    226      19         775
    41          BATTENBERG AV       47004                      84962      9       3           9
    50          BATTENBERG AV       47004                      84963     26       2          26
    27          EATON AV            47006   11214              99485     21       3          18
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--------------------------------------------------------- STAGE=7 ---------------------------------------------------------

 NUMBER    FSFX    STREET               CONDO      RE        DR        BP    UNITS    STORIES    PARKING

     86            GLOUCESTER ST        47007             36040     92512      107         14        141
    280            SHERBOURNE ST        47008                       81998       18          3         18
    250            ERSKINE AV           47009                       93979        9          3         18
     64            LONSDALE RD          47010                      132295        1          2          2
   1209            QUEEN ST E           47011                       90548       93          3         99
    465            KING ST E            47012                       53270       10          3         11
     83            PAPE AV              47013                       95485       21          3         26
     70            ERSKINE AV           47014                       96028       33          7         53
    300            COXWELL AV           47015                       91134        0          5         38
     63            ST CLAIR AV W        48001     10956            100707      124         18        148
     20            BUDGELL TER          48002     11046            101696       15          3         21
     30            GLEN ELM AV          48004     10912            116370       42          4         42
    390            WELLESLEY ST E       48005     11066             90074       21          3         39
     17            PEMBROKE ST          48006     11212            109801       21          4         21
    616            AVENUE RD            48008                       96664       28         10         84
     55            HARBOUR SQ           48009                       91827      603         39        583
     90            ISABELLA ST          48010     11288                          8          3          8
    155            WOODBINE AV          48011                       96981       10          3         20
     16            BALMY AV             49003                      111260        6          3          6
    142            PEARS AV             49004     11087            110529       32          6         44
   1000            DUNDAS ST E          49005     11163            106626       14          3         14
    275            BROADVIEW AV         49006     11294             98170      171          3        172
    110            BLOOR ST W           49009     11325            120357      156         21        191
    210            AVENUE RD            49010               38051  123953       14          3         30
     10            WALKER AV            49011                      123083       34          3         57
   1166            BAY ST               49013     11215     36010  114245      103         28        167
    112            ELIZABETH ST        480018              385051  221941      144         15        102
   2900            YONGE ST            485002               32047  220734       73          9        155
     36            DALE AV             485003                                    1          2          1
      1            CHESTNUT PARK       485004                                   -1          0          8
      1            GARFIELD AV         485005                                    1          0          5
    250            QUEENS QUAY W       485007               34099  215491      135         19        166
    260            QUEENS QUAY W       485007               34099  215491      218         31        119
    105            HEATH ST W          485008                                    0          0          0
     98            TRINITY ST          485010     11718            229307       18          3         15
     17            ISABELLA ST         485011     11542                         -2          2          0
    188            SPADINA AV          485012     11587            202424       58         10        158
    243            MACDONELL AV        485013                                    6          0          6
    270            QUEENS QUAY W       485014              385010  220608      226         31         65
     25            MAITLAND ST         485015     11284     31126  225385      169         17         65
    295            DUFFERIN ST         485016               33061  218052      200          8        212
     61            MAIN ST             485018     11798            222778       24          4         15
     40            AINSWORTH RD        485019     11785                          4          3          4
     75            MARKHAM ST          486004                                   16          2         19
    160            FREDERICK ST        486005     11487            172197       63         10        196
     61            QUEEN ST E          486006     11741            219369        0          9         33
    401            QUEENS QUAY W       486008               32082  209419       73          8         78
    115            MANNING AV          486009                                    6          0          2
    249            QUEENS QUAY W       486010               34082  212889       62          9        329
     66            AVENUE RD           486012     11316     33019  195324       40          7         83
   1352            BATHURST ST         486013     11545            237110       10          3         18
   1055            BAY ST              486015     11797    385142  221187      366         22        298
     33            JACKES AV           486016     11527            238834       29         10         67
    460            QUEENS QUAY W       486017              386104  207048      102         12        185
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NUMBER    FSFX    STREET               CONDO       RE        DR        BP    UNITS    STORIES    PARKING

   101            MC GILL ST           486018             39054    219519        7        3           7
    40            HOLLY ST             486019            385107    229683       97       17         168
   122            GLEN MANOR DR        486020             34086    226283        8        3          11
    78            CRESCENT RD          486021                                    1        0           5
   225            DAVENPORT RD         486022            385129    224547      101        6         113
    65            SCADDING AV          486023            385082    227100      249       10         296
    95            PRINCE ARTHUR AV     486024    11581             227611      206        8         142
   363            ALBANY AV            486025    11705             235862       15        3          16
    18            DONCREST RD          486026                      240721       11        2          19
   120            FRONT ST E           486028    11701   387113    221346       41       10          88
    20            BROCKTON AV          487002                                   18        2          20
    40            ROSEHILL AV          487003    11568             235555       42       15          74
    82            LOMBARD ST           487005            386040    186101       15       10          15
    95            LOMBARD ST           487006    11875   386219    234883       29       15         148
   117            GERRARD ST E         487007            386051    240617      156       13         116
    20            SOUTHPORT ST         487010    11667   386082    240045      420       10         718
  1033            BAY ST               487012    11850             228358      380       27         340
   280            SPADINA AV           487014    11766             226323       57       10         197
   419            EGLINTON AV W        487015    11409             173766       15        5          22
   250            JARVIS ST            487016             34155    233723       55       10          34
    49            ST CLAIR AV W        487017    11948   385088                 64       13         100
   715            BAY ST               487019            386066    244314      372       20         252
   300            COXWELL AV           487020                                   44        0          45
   891            ADELAIDE ST W        487021            387137    263751       56        3          68
   901            ADELAIDE ST W        487022            387137    259210       70        3          80
   434            ONTARIO ST           487023                                   -5        0           3
  2261            QUEEN ST E           488001            387099    255554       14        3          20
   108            CHESTNUT ST          488002    11935    34106    218562      143       25         253
   306            SACKVILLE ST         488005            386109                  8        3           9
   271            RUSSELL HILL RD      488007                                    2        0           0
   199            BAY ST               488011                                    0        0           0
    12            MACPHERSON AV        488012            386110                  5        3          12
    15            MAITLAND PL          488014    11239   386231    255949      407       21         438
  2359            QUEEN ST E           488017            386178                  4        2           8
   325            WESTON RD            488019            388227    272520        0        1          56
    60            KIPPENDAVIE AV       488023                      271890       18        3          23
   185            CARLTON ST           489007            387208                  3        2           5
    18            NOBLE ST             489009                      125157        0        0           0
    11            CARLAW AV            489010            388168                  0        0          19
   909            ST CLAIR AV W        489021            388104    280286        6        3           4
    39            ROEHAMPTON AV        490003            387238    269319       27        8          30
    56            TEMPERANCE ST        490006             33039    199914        0       10           8
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APPENDIX C3 - RECENT RESIDENTIAL CONDOMINIUM DEVELOPMENT: PROPOSED AND UNDER CONSTRUCTION

CITY OF TORONTO - CENTRAL CORE AREA

Municipal Address	Date of Application	Number of Storeys	Number of Units	Bachelor	Studio	1 Bdrm	2 Bdrms	3 Bdrms	4+ Bdrms	Stage of Development
67-87 Avenue Road	Jan. 6, 1987	7	80	-	-	30	48	2	-	Under construction
2 Bloor St. E.	April 2, 1987	25	206	-	-	103	103	-	-	Under construction
85 Bloor St. E. & 44 Hayden St.	May 24, 1990	17	39	-	-	7	14	18	-	Being reviewed
300 Bloor E. & Part of 30 Mt. Pleasant	Aug. 15, 1988	32 + Penthouse	114	-	-	-	36	18	60	Applicant referred to OMB
400 Bloor St. E.	Feb. 11, 1987	19	75	19	-	28	27	1	-	Building permit application lapsed Nov. 15, 1989.
403, 407 Bloor St. E.	Nov. 8, 1988	16	24	-	-	2	21	-	1	Under construction
2 Bloor St. W.	May 24, 1990	17	178	-	8	78	52	40	-	Being reviewed
30, 38, 40 Charles St. & 25, 29, 35 Hayden	April 5, 1989	16	247	25	-	148	74	-	-	Preliminary report adopted by LUC on May 15, 1990.
77 & 79 Charles St. E.	July 20, 1988	18	70 condo (8 rental ass.)	-	7	53(4)	10(2)	(2)	-	Approved by the OMB
30 Hayden St.	Jan. 11, 1989	28	52	-	-	-	2	50	-	Being reviewed
5,11,21 St. Joseph 10 Phipps St., 9,15 St. Nicholas St.	June 30, 1987	19	312 condo (59 rental ass.)	18(21)			196(32)	98(6)-	-	Preliminary report adopted by LUC July 5, 1989

1. Note: Numbers in brackets represent assisted rental units.

APPENDIX C3 - (Cont'd.)

Municipal Address	Date of Application	Number of Storeys	Number of Units	Bachelor	Studio	1 Bdrm	2 Bdrms	3 Bdrms	4+ Bdrms	Stage of Development
50 St. Joseph (St. Michael's College lands)	June 20, 1988	32	624 (61 rental)	-	-	-	-	-	-	Being processed
16 St. Thomas	May 20, 1990	21	38	-	-	-	24	14	-	Being reviewed
22,24,26 Wellesley St. W. & 3,15,19 Phipps St.	July 27, 1987	29	352	6	-	263	83	-	-	Under construction
475 Yonge St.	March 6, 1990	17	576	-	-	258	318	-	-	Being reviewed
942 Yonge St.	April 13, 1989	13	268	37	-	177	49	5	-	Under construction
636 Bay St. & 70 Edward St.	June 16, 1989	27	465	-	-	405	60	-	-	Being processed
655 Bay St., 55, 63,67 & 73 Walton St.	Dec. 22, 1987	33	434	62	-	310	62	-	-	Under construction
734, 740 Bay St. & Part of 64 Hayter St.	Jan. 30, 1989	-	307	29	-	195	83	-	-	Being processed
734, 740 Bay St. & 60 Hayter St.	July 12, 1989	21	192	19	-	119	54	-	-	Being processed
748 Bay St.	Nov. 14, 1986	25	240	24	-	168	48	-	-	Being processed
770 Bay St.	June 6, 1986	29	298	28	-	108	162	-	-	Rezoning application
770 Bay St. (Alternate Proposal)	Feb. 24, 1989	28	279	-	-	133	141	5	-	Being reviewed

APPENDIX C3 - Cont'd.

Municipal Address	Date of Application	Number of Storeys	Number of Units	Bachelor	Studio	1 Bdrm	2 Bdrms	3 Bdrms	4+ Bdrms	Stage of Development
181-191 Dundas St. & 63 Centre Ave.	March 2, 1989	17	82	-	-	54	28	-	-	Being reviewed
100 Edward St.	June 16, 1989	23	250	21	-	177	52	-	-	Being processed
50 Gerrard St. E.	Aug. 1, 1985	18	82	-	-	33	41	8	-	Council approval Oct. 23, 1985 Applicant is not proceeding at this time
300 Jarvis St.	Dec. 30, 1986	10	124	-	-	88	36	-	-	Under construction
30 Mutual St. & 88 Queen St. E.	Jan. 16, 1987	4/26	841	42	-	687	108	4	-	Land Use Committee has requested further reports on the inclusion of assisted housing from the Commissioner of Planning and Dev't, May 11/88.
51A, 53 & 53A Mutual St.	Feb. 5, 1990	10	34	-	-	19	15	-	-	Being reviewed
81,83,85,87 Mutual St.	July 5, 1989	8	49	-	-	49	-	-	-	Council approval Dec. 14, 1989
96 St. Patrick St.	July 12, 1988	18	298	66	-	166	66	-	-	Being reviewed
121 St. Patrick St.	May 5, 1989	9/12	49	13	-	14	22	-	-	Awaiting revised application
384,396,404,406,444 Yonge St. 44 Gerrard St. W. 25 Hayter St. 715 Bay St.	Sept. 6, 1988	22	630	206	-	294	130	-	-	Being processed

APPENDIX C3 - Cont'd.

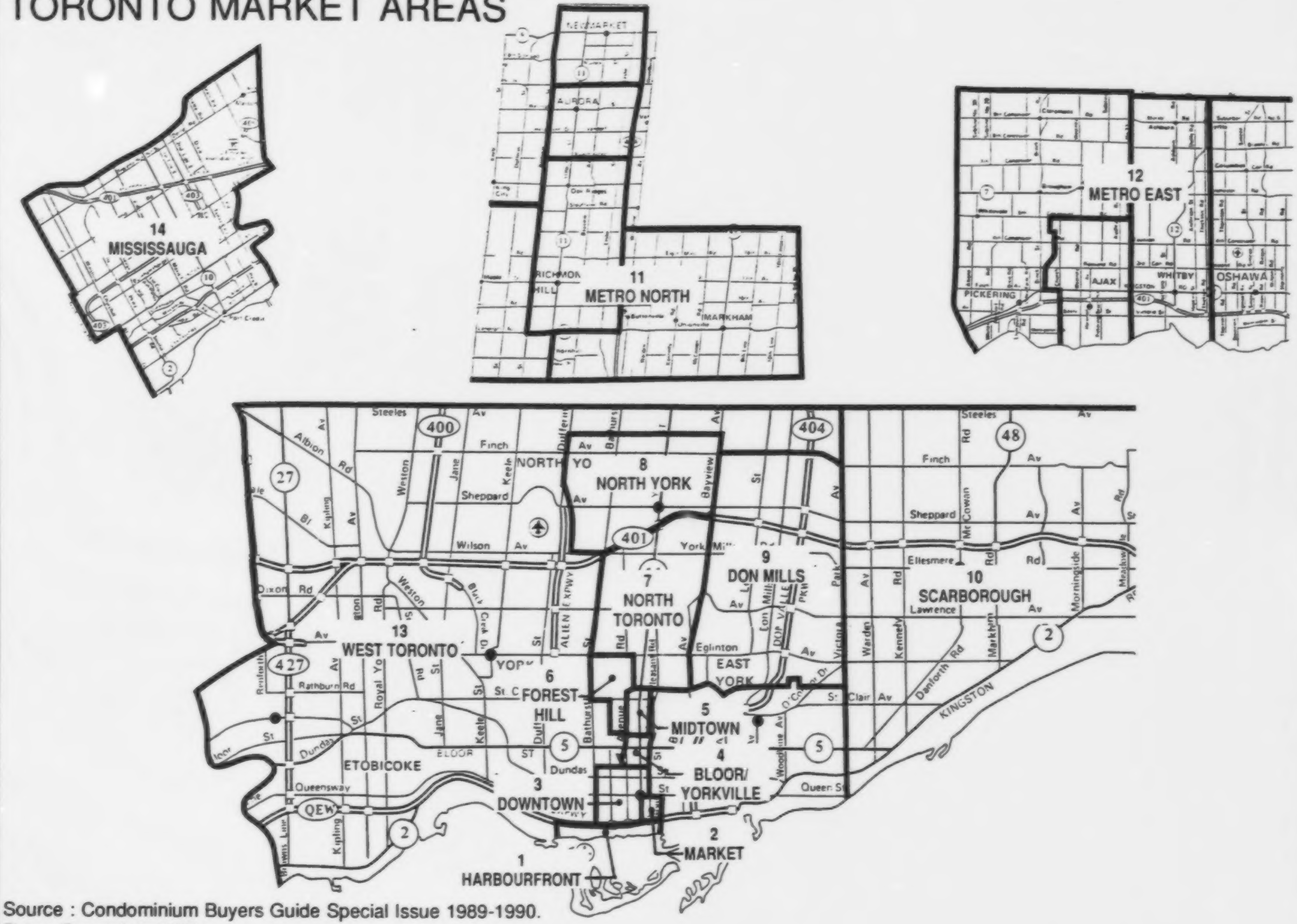
Municipal Address	Date of Application	Number of Storeys	Number of Units	Bachelor	Studio	1 Bdrm	2 Bdrms	3 Bdrms	4+ Bdrms	Stage of Development
437, 441 Yonge St.	Aug. 29, 1988	18	243	30	-	135	78	-	-	Under construction
40 Bay St. (Railway lands)	May 15, 1990	-	1060	-	-	-	-	-	-	Application received
77,81,85 Front St. E.	July 14, 1989	12	144	-	-	56	86	2	-	Being reviewed
230 Front St. W. CBC Complex, Phase II	Feb. 16, 1990	51	339	-	-	119	202	18	-	Rezoning approved. Development review application under review.
5 King St. W.	Feb. 24, 1989	40	55	-	-	-	40	15	-	Council approval May 8, 1990
36 & 50 Lombard	June 27, 1989	26	104	12	-	47	45	-	-	Approved by council on July 17, 1990
Railway Precinct 3 York & The Esplanade N-W corner	May 4, 1990	42	407	61	-	86	242	18	-	Being reviewed
73 Simcoe St.	Jan. 14, 1987	25	87	-	-	40	47	-	-	Under construction
105 Victoria St.	Oct. 12, 1989	16	46	-	-	6	24	16	-	Approved by Council April 17, 1990
60 Wellington St. & 30 Church St.	Dec. 22, 1987	9	52	-	-	-	52	-	-	Council approval Feb. 10, 1989. Application being revised
123, 125 Wellington	June 2, 1987	28	225	-	-	109	104	12	-	Under construction
10 Yonge St.	April 1, 1987	37	700	32	-	434	234	-	-	Under construction

Source: Development Projects in the Central Core Area, v.15, July 1990. City of Toronto Planning and Development Department.
Prepared By: Malone Given Parsons Ltd. (December 1990)

APPENDIX C4

NEW CONDOMINIUM ACTIVITY IN THE TORONTO AREA, 1989/1990

Appendix C4:
TORONTO MARKET AREAS


14
MISSISSAUGA
NEWMARKET
AURORA
RICHMOND HILL
11
METRO NORTH
MARKHAM
12
METRO EAST
PICKERING
AJAX
WHITBY
OSHAWA
Steeles
Finch
Sheppard
Wilson
Eglinton
Lawrence
Ellesmere
Danforth Rd
KINGSTON
Queensway
Queen St
401
400
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427
48
27
QEW
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5
13
WEST TORONTO
ETOBICOKE
6
FOREST HILL
8
NORTH YORK
7
NORTH TORONTO
9
DON MILLS
EAST YORK
10
SCARBOROUGH
5
MIDTOWN
4
BLOOR/ YORKVILLE
3
DOWNTOWN
2
MARKET
1
HARBOURFRONT

Source : Condominium Buyers Guide Special Issue 1989-1990.
Date : December 1990
Prepared by : MALONE GIVEN PARSONS LTD.

APPENDIX: C4 - NEW CONDOMINIUM ACTIVITY IN THE TORONTO AREA 1989/90

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
Downtown Toronto							
Cathedral Square	88 Mutual Street (3)	Centara Corporation	394-2,155 sq.ft.	Studios from 179,900 3 bdrms from $899,900	$457 $418+	Indoor pool, whirlpool, saunas, sundeck, recreation centre with two squash courts, exercise and change rooms, 24 hr. concierge	Parking extra. All kitchens feature marble floors and a five appliance package.
Citysphere	801 King Street West (3)	Citysphere Residences Inc.	500 - 1,050 sq. ft.	Studios from $159,000 Townhomes from $299,000	$318 $285+	Recreation club with exercise room, sauna, steam room, lounge with bar, kitchen and fireplace; outdoor terrace, hot tub, jogging track, tennis courts, party room, 24 hr. concierge.	12 storeys - 312 suites plus 26 townhouses. Glass & ceramic shower stalls in each suite.
Conservatory Tower	738 Bay Street (3)	The Conservatory Group	474-1,346 sq. ft.	Bachelors from $219,800 2 brdms. from $443,000	$464 $329+	Indoor pool, whirlpool, saunas, change rooms, exercise room, billiards room, reading room, video room, party room with kitchen, guest suites, garden terrace, 24 hr. concierge.	31 storey building 306 suites. Each unit has a balcony or outdoor terrace. Every suite has a dishwasher. Parking available on a purchase basis.
The Ellington	Carleton & Yonge St. (3)	Lee Development Corp.	N/A	Studios from $119,900 2 bdrms. from $264,900	N/A	Games/TV room, party room with kitchen; lounge with fireplace, viewing/sunning terrace, landscaped courtyard, 24-hr. concierge.	17 storeys - 240 suites. Parking available on a purchase basis. All kitchens have a dishwasher & microwave. Marble flooring in bathrooms.
38 Elm St. at Minto Plaza	38 Elm Street (3)	Minto Developments	600-1,000 sq. ft.	Studios from $249,000 2 bdrms. from $429,000	$415 $429+	Indoor pool, saunas, change room, exercise room, private dining room, two entertaining suites, two video rooms, billiards room, games room, two landscaped terraces.	34 storey building - 308 suites. All suites have whirlpool tubs, marble flooring in kitchens, ensuite bathrooms.
Empire Plaza	33 University Ave. (3)	Centara Corp.	560-3,100 sq. ft.	1 bdrms. from $330,000 2 bdrms. from $400,000	$589 N/A	Shuttle elevator to garage, 24 hr. concierge, valet, TV surveillance, in-suite alarm, party room with kitchen, exercise room.	28 storeys - 225 suites. All units have in-suite laundry facilities and 8 appliances. Ensuite bathrooms have a whirlpool tub.

APPENDIX C4 - Cont'd.

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
The Summit	725 King St. West (3)	Shelter Corp. of Canada Inc.	406-1,075 sq. ft.	Studios from $93,900 2 bdrms. from $226,900	$231 $211+	24 hr. security, valet service, concierge, indoor pool and whirlpool, outdoor pool and deck, sauna, steam room, gymnasium and aerobics area, squash courts, party room, games room, cinetheatre & private theatre, business centre, health & beauty spa.	740 suites in 6 phases. Features available to purchasers are fireplace and enclosed balconies Parking included in price.
Bloor/Yorkville							
Bloor Parc	97 Bloor Street East (4)	Bramalea Ltd.	791-1,353 sq. ft.	1 bdrms. from $360,000 2 bdrms. & solarium from $525,000	$455 $388+	Glassed-in whirlpool and spa, sauna and change areas, massage room, exercise room, billiards lounge, video library, lounge & dining room with kitchen, outside court yard roof terrace & garden, concierge and recreation director, 24 hr. security.	Parking space available on monthly rental basis. Suites have dishwashers, drop in stove with range hood, refrigerator, ceramic tile and back splash.
The Rosedale	407 Bloor St. East (4)	BloorDale Properties Ltd.	700-2,500 sq. ft.	1 and 2 bdrms. with solarium from $250,000.	357+	Two recreational sun terraces, indoor parking, in-suite security.	24 units. Each suite has a solarium or terrace.
St. George Mews	280 Bloor St. W. (4)	PrimeLife Housing/ Journeys End Motels	N/A	1 bdrms. from $176,800 2 bdrms. from $249,600	N/A	Recreational centre with whirlpool, exercise facilities, lounges, multi-purpose room, private roof deck.	74 suites Catering to people 55+ Suites designed with ease in mind. Kitchen cabinets have easy open handles. En suite washer and dryers. Emergency medical call system is in each master bedroom & bathroom.
Three Hundred Bloor Street East	300 Bloor Street East (4)	York Trillium Development Corp.	N/A	Suites from $500,000	N/A	24 hr. concierge, on-site security supervisor, accessible & separate residents only parking, private health club, indoor pool, spa & saunas, exercise room; billiard room, party lounge.	All suites have corner living rooms. Polished granite countertops, built-in dishwasher, countertop burners refrigerator/freezer and microwave Heated towel racks in bathroom.

APPENDIX C4 - Cont'd.

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
Midtown Toronto							
97 Lawton Boulevard	97 Lawton Boulevard (5)	Millwood Developments Inc.	N/A	1 bdrms. from $285,000 2 storey suites from $500,000	N/A	Landscaped site with gardens, entrephone security system.	8 storeys, 2-5 suites per floor - 37 units. Suites have french balconies, whirlpool tubs, spa showers.
The Memphis	942 Yonge Street (5)	Menkes	440 - 1,150 sq. ft.	Studios, 1 & 2 bdrms. from $202,000	$459+	Recreation area including men's and women's sauna, whirlpool, exercise room, billiard/card lounge & multi purpose room, central laundry facilities, 24 hour concierge, underground parking.	Kitchens have marble flooring and ceramic back splashes & built in dishwasher. Each suite has a whirlpool tub, and broadloom.
North Toronto							
The Residences of Ridley Boulevard I	275 Ridley Boulevard (7)	Tridel	N/A	1 bdrms from $179,000 2 bdrms from $249,000	N/A	Outdoor swimming pool, saunas, showers & change rooms, exercise room, billiards room, card room, party lounge with wet bar and kitchen.	Suites have washers and dryers. Marble vanities in bathroom. Ceramic floors in kitchens.
The Residences of Ridley Blvd. II	275 Ridley (7)	Tridel	N/A	1 bdrms from $179,000 2 bdrms from $299,000	N/A	Outdoor swimming pool, saunas, showers and change rooms, exercise room, billiards room, card room, party lounge with wet bar and kitchen.	18 storey tower Each suite has a separate laundry area. Additional storage space is available. Built in dishwasher. One parking spot included in price. Others available for purchase.

APPENDIX C4 - Cont'd.

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
North York							
Bonaventure Park	Finch Ave. E. of Hwy. 400 (8)	Daniels Development Corp.	N/A	1 bdrms. from $149,900 3 bdrms. from $267,500	N/A	Indoor swimming pool, whirlpool, saunas, exercise room, squash courts, patio, terrace, rockery gardens, tanning deck, separate fireplace lounge, billiards room, card room, library and party room, tennis courts, gazebo, synthetic putting green, jogging path, 24 hr. gatehouse security.	2 highrise buildings. Broadloom throughout all suites. Ceramic tiles in the bathrooms, ensuite laundry areas and appliance package.
Hollywood Plaza	18 Hollywood Avenue (8)	Camrost Development Corp.	940 - 1,655 sq. ft.	1 bdrm. & solarium from $329,900 Penthouses from $483,900	$351 $292+	Indoor pool, rooftop sundeck, whirlpool, saunas, exercise room, billiards room, lounge/meeting room, 24 hr. concierge, in-suite security.	Two towers; 17 storeys and 128 suites 19 storeys and 144 suites. Marble flooring in most foyers, eat in kitchens with ceramic floors. Parking available on a purchase basis.
Vogue Condominiums	7 Bishop Ave. (8)	The Penta Stolp Group	500 - 1,250 sq. ft.	Studios from $151,900 2 bdrms. from $239,900	$304 N/A	Indoor pool, whirlpools, saunas, tanning parlours, aerobics/exercise rooms, 2 squash courts, party room, formal dining room, sundeck, jogging track, video theatre, recreational directory, computer terminal, 24 hr. concierge & electronic surveillance, guest suites.	23 storey tower - 383 suites. Vertical blinds in each suite. Broadloom throughout, ceramic tiles in kitchen, bathroom and laundry room, dishwasher included.
Vogue International	Kenneth Ave. (8)	Penta Stolp Corp.	513 - 1498 sq. ft.	Studios from $169,000 2 bdrms. from $294,900	$329+ N/A	24 hr. concierge, indoor pool, whirlpool, exercise room, saunas, video screening room, party room, guest suites.	15 storey building. Six piece appliance package. Parking and lockers extra. All suites have either a balcony or a solarium.
Don Mills							
The Jockey Club	25 Overlea Blvd. (9)	Goldlist Construction Limited/The Goldman Group	600 - 1,155 sq. ft.	1 bdrms. from $152,900 2 bdrms. from $217,300	$255 $188	Whirlpool, sauna, sundeck, squash-courts, exercise room, billiards room, sports lounge, party room, pagoda and bbq's, underground parking, concierge.	21 storyes. Wall to wall carpeting, air conditioning, appliance package available. Parking included in price.

APPENDIX C4 - Cont'd.

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
Leaside Park	11 Thorncliffe Park Drive (9)	Prime Life Housing Corp./Goldlist Construction Ltd.	N/A	1 bdrms. from $169,900 Twin master bedrooms from $206,000	N/A N/A	Recreation centre, whirlpool, exercise facilities, crafts room, lounges, library & billiards room, garden & gazebo.	Seniors building, 156 units - 10 storeys. Wall to wall carpeting, 5 appliances, emergency medical call system.
Tapestry at Windfield Terrace	215 & 225 The Donway West (9)	Bramalea Limited	1,177 - 2,099 sq. ft.	1 bdrms. & den from $360,000 2 bdrms. & den from $699,000	$306 $333	Indoor pool with walk-out to sunken courtyard, whirlpool, wet sauna, dry sauna, change rooms, exercise rooms, billiards room, video room, dining room with kitchen, party room with lounge, gatehouse.	106 units 4 appliance package storage locker included with each unit. Parking included in price.
Scarborough							
The Ambassadors	300 & 330 Alton Towers Circle (10)	Menkes	1,000 - 1,450 sq. ft.	2 bdrms. from $221,900	$222	Outdoor pool, tennis, whirlpool, saunas, exercise room, squash courts, video room, party room, 24 hr. manned gatehouse. TV surveillance.	3 buildings, 20 storeys each, 250 suites each. Sundens & balconies, laundry, dishwasher, air conditioning. Parking included.
Gates of Guildwood	10 & 20 Guildwood Parkway (10)	Tridel	N/A	1 bdrms. from $164,000 Penthouses w/Terraces from $530,000	N/A N/A	Pool w/outdoor terrace, whirlpool, saunas, exercise room, racquetball & squash courts, tennis, billiards room, party room, fireplace lounge, barbeque area, 24-hour manned gatehouse.	14 storeys - 199 suites Dishwasher included in each suite. Parking included in price.
Henley Gardens	1089 Kingston Road (10)	Intraurban Projects	721 - 2,108 sq. ft.	1 bdrms. from $159,990 Penthouses from $389,990	$222 $185	Exercise room, whirlpool, saunas, large multipurpose room, billiards, arts & crafts room, video rooms, darkroom, "Wallstreet" room, Symphony room, library, lounge & conservatory	215 suites for "Mature Adults". Catered meals available, housekeeping, laundry pick up & return. Parking included in price.

APPENDIX C4 - Cont'd.

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
Rainbow Village	2466 Eglinton Ave. E. (10)	Hanson Development Group	531 - 1,713 sq. ft.	1 bdrms. from $166,990 3 bdrms. from $227,900	$314 $133	Indoor pool, whirlpool, saunas, sundeck, exercise room, squash courts, party room, lounge, mini-theatre, computer room, hobby room, sewing room, toy and clothing exchange, library, multi-purpose room, video lounge, childcare, underground parking.	2 buildings - 604 suites. "Family condominium community". Solariums in each suite, vertical blinds and smoke detectors.
The Regency	4200 Kingston Road (10)	Glenellen Homes Ltd.	1,190 - 1,353 sq. ft.	2 bdrms. from $189,900	$160	Indoor lap pool, whirlpool, saunas, change rooms, exercise room with dance floor, kitchen and bar, landscaped grounds. Enterphone security.	48 suites on 9 floors. 2 bathrooms in each suite. 5 appliance package available.
Scarborough Fair	2500 Lawrence Ave. East (10)	Ronto Development Corp.	640 - 1,259 sq. ft.	All units from $129,900	$203	Recreation centre, pool, whirlpool, saunas, sundeck, landscaped garden, party room, exercise room, 24 hr. concierge.	550 units - 2 towers, mixed use. Whirlpool tubs in all suites.
Metro North							
Cedar Gate	Major Mackenzie at Yonge, (Richmond Hill) (11)	Cedar-Mac Holdings	800 - 1,400 sq. ft.	1 bdrms. from $150,000 2 bdrms. from $225,000	$188 $161	Outdoor pool w/private pool-deck, tennis, exercise room, whirlpool, saunas, change rooms, party room, hobby room, TV/VCR room, garden with gazebo.	10 storeys - 370 suites Vertical blinds in all suites, 5 appliance package available in price. Parking included.
The First Real Country Club	170 Yonge Street (Aurora) (11)	Highland Green Investments	750 - 1,600 sq. ft.	1 bdrms. + den from $188,900 2 bdrms. & den from $259,900	$252 $162	24 hr. concierge, electronic surveillance, atrium with whirlpool, sauna & change room, TV room, party room, tanning parlour, exercise room, library, landscaped grounds.	150 suites. Solariums, laundry & storage. In-suite controlled heating & air conditioning. Parking included in price.

APPENDIX C4 - Cont'd.

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
The Landmark of Thornhill	7901 Bayview Ave. (11)	Graywood Developments	1,298 - $4,206 sq. ft.	2 bdrms. from $318,400 Penthouses from $432,900	$245 $103	Glass enclosed pool, sundeck, lounge, whirlpool, saunas, change rooms, squash courts, tennis, exercise room, billiards, reading room, video lounge, party room, 24 hr. security.	268 suites. 5 appliance package available. Parking included in price.
	1107 Steeles Ave. W. (11)	Menkes	1,000 - 1,500 sq. ft.	2 bdrms. from $219,600	$220	Enterphone, in-suite alarm, 24-hr. manned gatehouse, outdoor pool, tennis & squash courts, equipped exercise room, sauna, whirlpool, hobby room, video rooms, party room with kitchen.	16 storeys - 193 suites. Marble floors, dishwashers. Parking included in price.
The Royal Promenade	7600 Bathurst St. (11)	Menkes/The Glen Group	1,028 - 1,471 sq. ft.	2 bdrms. from $253,000	$246	Outdoor pool, whirlpool, saunas, showers, change rooms, tennis & squash courts, exercise room, multipurpose room, lounge, landscaped grounds, 24-hour manned security, central laundry, storage locker facilities.	16 storeys - 202 suites. Balcony or sunden in each suite. Dishwasher and smoke detectors.
Metro East							
The Citadel At Discovery Place	Highway 2 & Glenanna Road. (Pickering) (12)	Tridel	900 - 1,571 sq. ft.	1 bdrms. from $165,000 2 bdrms. from $199,000	$183 $127	Indoor pool, outdoor pool, sundeck, whirlpool, saunas, tennis & squash, billiards, bowling, card room, party room, meeting room, lounge, landscaped grounds, lockers, security with TV surveillance.	18 storeys - 264 suites. Balcony & solariums, dishwasher. Parking included in price.
Duffin's Place	118 & 124 Old Kingston Road. (Ajax) (12)	Dilhara Homes w/Regom Developments Inc.	980 - 1,600 sq. ft.	1 & 2 bdrms. from $175,500 Penthouses from $186,500	$179 $117	Professionally landscaped gardens, underground parking w/car wash bay, security system.	Fireplaces in most suites. Heat & air conditioning controls are found in each unit.

APPENDIX C4 - Cont'd.

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
East Hamptons	Lake Driveway West & Dreyer Road West. (Ajax) (12)	The Reemark Group	712 - 1,099 sq. ft.	1 bdrms. from $150,500 3 bdrms. from $219,145	$211 $199	Indoor pool, change rooms, tennis, party room, barbeque pit, sunning slope, playground, whirlpool, saunas, exercise room.	285 suites in 4 low rise buildings. Fireplaces, balconies, brass hardware, and storage in each suite.
Top Of Westney In Ajax	2 Westney Road North. (Ajax) (12)	The Reemark Group	667 - 1,611 sq. ft.	1 bdrms. from $120,900 Penthouses from $207,000	$181 $128	Outdoor pool, outdoor whirlpool, saunas, exercise room, party room, landscaped garden area.	14 storey - 156 suites, balconies, patios, walk-in closets, dishwasher, 4 appliance package. Parking included in price.
Waldorf Plaza	Rossland Road & Garden Street (Whitby) (12)	Par Amme Corp.	602 - 964 sq. ft.	1 bdrms. from $89,999 2 bdrms. from $132,999	$150 $138	Greenhouse, lap pool & spa, equipped exercise room, change rooms, with showers, lounge, party room, billiards/cards room, landscaped grounds.	12 storeys - 150 suites. Sunrooms, broadloom, washer/dryer hookups.
West Toronto							
Grand Harbour	2285 Lakeshore Blvd. W. at Parklawn (13)	Rylar Development	600 - 1,800 sq. ft.	1 bdrms. from $225,000 Penthouses from $1,050,000	$375 $583	24-hour concierge & gatehouse security. Pool, aerobics room, weight room, two squash courts, whirlpool, saunas, party rooms, clubrooms, sundeck.	3 buildings, 39 townhouses, 395 suites. Marble ensuites, dishwashers in all kitchens. Parking included in price.
Rio Plaza	Albion Rd. & Armel Blvd. (13)	Willow Pond Development	875 - 1,245 sq. ft.	2 bdrms. from $169,000 3 bdrms. from $200,000	$193 $161	Outdoor pool, tanning deck & cabana, outdoor barbeque area, whirlpool, saunas, changerooms & showers, exercise room, games room, party room.	22 storeys. Broadloom throughout, whirlpool tubs in bathrooms. Parking included in price.
Mississauga							
The Carlyle Residences	155 Hillcrest Ave. (14)	The Carlyle Group	650 - 1,180 sq. ft.	Studios from $118,518 2 bdrms. & den from $229,657	$182 $195	Indoor pool, whirlpool, saunas, tanning room, rooftop sundeck, tennis, squash, exercise room, billiards, party room, car wash, 24 hr. concierge.	4 Phase Highrise, 22 storey - 342 suites. Laundry, dishwasher, and storage in each unit.

APPENDIX C4 - Cont'd.

Name of Condominium	Location (Map Reference Area No.)	Developer	Unit Size	Price Range	Approx.* Selling Price Per Sq.Ft.	Amenities	No. of Units and Standard Unit Features
The Centre At Square One	Webb Drive (14)	The Conservatory Group	N/A	2 bdrms. and Solarium from $189,900	N/A	24 hr. concierge, indoor pool, saunas, exercise room, tennis, squash & racquetball courts, party room, billiard room, guest suite, sundeck.	Dishwasher in every suite. Heating and air conditioning controls in each suite.
Trailwood Village	65 & 95 Trailwood Drive (14)	Anaheim Group	920 - 1.098 sq. ft.	2 bdrms. from $158,000 3 bdrms. from $170,000	$172 $155	Party room, barbeque area, childrens play areas.	124 units. Balcony or patio in each suite, storage ensuite. 5 appliance package available. Vertical blinds in all suites. Parking included in price.

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* Approximate selling prices per square foot are estimated by Malone Given Parsons Ltd. based on marketing information relating to unit sizes and price ranges. These figures are approximate only and should be interpreted with caution in this regard.

Map Reference Area Numbers

1. Harbourfront
2. Market
3. Downtown
4. Bloor/Yorkville
5. Midtown
6. Forest Hill
7. North Toronto
8. North York
9. Don Mills
10. Scarborough
11. Metro North
12. Metro East
11. West Toronto
14. Mississauga
15. Metro West

Source: Condominium Buyer's Guide, Special Report 1989/90
Prepared by: Malone Given Parsons Ltd. (November 1990)

APPENDIX C5 - METROPOLITAN TORONTO MLS CONDOMINIUM APARTMENT & TOWNHOUSE SALES (1976-1988)

		Apartments		Townhouses	
Year	Apartment & Townhouse Total Units Listed	Units Sold	Average Selling Price	Units Sold	Average Selling Price
1976	16,752	1,593	$37,027	1,554	$49,101
1977	18,711	1,485	$37,596	1,538	$45,549
1978	20,477	1,429	$38,959	1,555	$49,823
1979	19,728	1,568	$43,316	1,633	$50,699
1980	18,811	2,348	$46,754	2,349	$52,359
1981	22,716	3,960	$56,450	4,376	$60,254
1982	6,559	3,316	$63,073	3,243	$63,587
1983	24,404	3,224	$70,170	3,310	$65,508
1984	22,730	3,389	$70,194	3,387	$64,700
1985	18,603	4,535	$74,527	5,313	$68,777
1986	18,403	5,771	$99,234	6,292	$93,301
1987	33,248	5,357	$142,080	5,323	$131,325
1988	31,380	7,038	$172,509	6,028	$159,072

Source: Toronto Real Estate Board Annual Reports (1977-1989)

Prepared by: Malone Given Parsons Ltd. (January 1991)

APPENDIX D

INDUSTRY INTERVIEWS

Appendix D1

MALONE
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PARSONS

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Markham, Ontario, Canada
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Fax: (416) 513-0177
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Sent Via Facsimile

90:418

Dear

Re: Inclusionary Zoning Study for the City of Toronto

The City of Toronto Housing Department and Ontario Ministry of Housing have jointly sponsored a study to examine the issues surrounding the feasibility of Inclusionary Zoning in the City, and specifically to assess the implications for developers, market purchasers, purchasers of inclusionary units, the condo market, lenders, and the municipality.

"Inclusionary Zoning" would require that a certain portion of units in any market condo development be sold to low and/or moderate income households at prices they can afford. This tool is currently used in 150-200 municipalities in the U.S.A., particularly in New Jersey and California, to help address the issue of affordable housing. The difference between production costs and sale prices of the "inclusionary units" is absorbed in the overall costs of the development and/or offset by bonusing. The inclusionary units are typically managed by a public or quasi-public agency and the intent is to retain these units in the market indefinitely and at affordable prices as a form of limited equity ownership.

The City of Toronto and upper-tier governments are contributing to the creation of necessary affordable housing through Cityhome and various housing programs. However, a broader strategy and partnership with the private sector is required to meet housing needs in the market and to help the City provide its "fair share" of affordable housing in the Greater Toronto Area context.

Malone Given Parsons Ltd., with Page & Steele Architects, have been retained by the City to conduct a study of inclusionary zoning with the following objectives:

(i) To recommend parameters of an inclusionary zoning program at levels which are economically feasible

(ii) To estimate the implications on production costs

(iii) To determine the required subsidy by developers and/or by other purchasers

(iv) To review the merits and demerits of off-site and cash-in lieu options

(v) To project potential yield of inclusionary units

(vi) To assess probable market response

(vii) To identify any potential concerns of mortgage lenders

(viii) To identify alternative types of inclusionary units

(ix) To determine the probable amount and nature of demand.

As an active participant in Toronto's housing industry, we would greatly appreciate your insights and comments on the Inclusionary Zoning concept. In this regard, we have attached basic question sets as "food for thought" and look forward to the opportunity to discuss some of these issues with you.

Thank-you in advance for your co-operation and assistance.

Yours very truly
MALONE GIVEN PARSONS LIMITED

L. Lee Parsons, P.Eng, M.C.I.P.
Partner

HN/LLP/ek/90:418/Incl-Zon.let

INCLUSIONARY ZONING QUESTION SETS

The purpose of the following question sets is to form a basis for discussion of the feasibility and probable market response to Inclusionary Zoning in the Toronto context. To facilitate such discussion, the working definition at this time, of the Inclusionary concept is as follows:

> **Inclusionary Zoning is a tool enacted by way of municipal bylaw to ensure the provision and continued availability of housing units at prices affordable to low and/or moderate income households. In the Ontario context, it is one method of fulfilling the Provincial requirement for 25% of new units to be affordable, pursuant to the Policy Statement on Land Use Planning for Housing. As currently being considered by the City of Toronto, Inclusionary Zoning would require that a certain portion of units in any market condominium development (except very small projects) be sold to tenant households generally in the 50th-60th income level percentiles, which translates to approximately $115-130,000 for a two-bedroom unit, and somewhat less for a one-bedroom or bachelor unit.**

Design/ Costs

1. What opportunities exist to reduce the cost of some units within a condo project? (e.g. Unit Size? Balconies? Floor Plan Layout? Parking? Laundry? Storage? Bathroom? Finishings?)

Marketing

2. What do you feel would be the probable industry and market responses to Inclusionary Units if they represent up to 20% of the total condo units in a project?

3. How do you think prospective purchasers of "non-inclusionary" units might react to Inclusionary Units?

4. Would Inclusionary Units have any implications (negative or positive) on project marketing? If so, what implications would you anticipate?

Financing

5. Inclusionary Units are a form of limited equity ownership and typically require restrictions on resale to be registered on title. Given these factors, what criteria might a mortgage applicant for an Inclusionary Unit have to meet? What maximum lending ratio might apply to such mortgages?

6. Would Inclusionary Zoning pose any implications on project financing? If so, what?

7. Would Inclusionary Zoning affect mortgage approvals for other units within a condo project?

Condo/ Operations

8. What are the likely implications (if any) on condo operations after occupancy and registration?

Implementation

9. What implementation measures might be considered to offset some of the costs of providing inclusionary units? (e.g. cash-in-lieu, density bonusing, off-site provisions for inclusionary units, etc.)

10. To ensure Inclusionary Units remain in the market indefinitely as inclusionary (affordable) units, how do you feel such units would be best administered? through the City? a non-profit corporation set up specifically for the purpose? the condominium corporation? other?

11. Or should these units be registered on title as inclusionary units with controls placed on resale?

Prepared by : **Malone Given Parsons Ltd and Page & Steele Architects (Oct.1990)**
Prepared for : **City of Toronto Housing Department**
HN/ek/90:418/Inclu-zo.not

APPENDIX D3

INDUSTRY INTERVIEWS - COMMENTS ON POSSIBLE INCLUSIONARY ZONING PROGRAM IN THE CITY OF TORONTO (NOVEMBER 1990)

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
Patrick O'Hanlon, V.P. Marketing High Rise Residential Grp., Bramalea Limited	• Smaller market units (e.g. 500-700 sq.ft.) already cater to 50th-60th income percentile • May be some opportunities to reduce costs thru interior finishes, unit/project amenities, etc.	• Would have to sell market units first • Inclusionary units/purchasers would be "stigmatized" • Non-inclusionary purchasers would resent subsidizing inclusionary units in any way	• Cost of land dictates potential to reduce unit costs/ provide inclusionary or affordable housing • Inappropriate during economic recessions when many development companies are struggling to stay alone • Would have negative implications on project financing and mortgage approvals, particularly in slow economy, because perceived risk would be much greater	(See Marketing comments)	• Not appropriate on "prime sites" • Any inclusionary program must maintain max. flexibility for developer and market • Integrate only where site and project market targets warrant • Must be off-site provisions or cash-in-lieu/levy alternatives e.g. "pool" levies and allow units to be built elsewhere • Should be administered by someone other than developer, or perhaps through joint venture between City and third party	• Integration may be possible in some instances, but if required on all projects and/or in recessionary periods, program will seriously damage City's housing industry. Must ensure max. flexibility/case-by-case negotiations.

APPENDIX D2 - Cont'd.

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
Sheldon Goodman, Senior V.P. Planning and Development and Brigitte Scholz, Director of Development, Centara Corporation	• Many costly and often underutilized amenities are required by by-law and/or provided for marketing purposes. These could be scaled back/eliminated to reduce per unit costs (ie. pools, open space, laundry facilities, etc.) • Few sites in City integration of inclusionary and market units could work on. • Mandatory incl. zoning program is not viable or desirable in City's market place. However, City could set minimum unit sizes and require set proportion of total project units to cater to smaller households.	• Integration of inclusionary/market units would inhibit market unit condo sales. May work on larger sites where buildings can be physically separated and separately marketed. • 5% of total units would present more problems in terms of design, approvals, legal documents etc., than would 20%.	• Mortgages are based on ability to pay/perceived risk to bank. If inclusionary unit is a "risk" because of limited equity ownership (ie. limited appreciation) or if purchaser unable to make regular payments, project and unit financing would be negatively affected. • Average condo selling price in City is $250-300/sq.ft. Perhaps some units could be provided at $180-200/sq.ft. if not on prime lands	• Condo maintenance would be an issue if project incorporates spread of household income, and incl. purchasers are hesitant, unwilling or unable to pay their proportionate share. If no major price spread (ie. comparable target markets, similar units sizes) in project, inclusionary units would be less of a problem from operational perspective. • City does not have the administrative infrastructure to implement, administer and monitor inclusionary development.	• Mandatory inclusionary zoning requirements will push development out of the City. • Bonusing is extremely difficult issue in City and would not likely provide incentive to develop inclusionary units. Bonusing could further diminish confidence in the City's development industry. Bonusing "rules" are very unclear in City and thus not great incentive. Why not develop in North York where density is encouraged and no requirement for incl. units? • City's objective could be better achieved if incl. zoning is unlegislated - a guideline only would be more effective. e.g. developer/church (or other non-profit group) venture, which would not rely on public subsidies. • Pool of levies could be used to buy appropriate sites and provide inclusionary units combined with "affordable" market units. • City must determine specific geographic areas most appropriate and viable for "inclusionary-priced" condo. • Perhaps Metro's concept of a "subway fund" (ie. special levy) as applied in North York, could be considered for providing incl. units.	• Do first-time buyers want to live in the City/Core Area? • Development process, regulations and approvals must be simple to provide much more certainty to developer. Developer must fully understand what can be developed. Development in City is now far too "overregulated" and development risks are enormously high. Incl. Zoning would significantly worsen this situation in the City and deter development.

APPENDIX D2 - Cont'd.

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
Tom Schwarz, President, Intraurban Projects	• Eliminate "throw-away" amenities (internal and external) required by Zoning Bylaw. Parks/recreational facilities, etc. must be practical. • Program should not dictate arbitrary unit sizes - must allow for continued architectural innovation. Any "rules" must be flexible.	• If there is distrust in the market there will be less production • Middle class would be most threatened • Must have choice to sell market units first • Market determines appropriate mix and what proportions of each unit type are appropriate at what location • Location is critical - not appropriate or feasible at prime locations (e.g. Bay/Bloor). Must evaluate where in City inclusionary units would be appropriate and feasible, and whether such units should be integrated with market units or provided in separate building/on separate site. • Marketing implications must be considered on a site-by-site basis • Housing is no longer simply a place to live - it is an investment. Ltd. equity ownership concept, however, may be viable for renters as first-time buyers.	• $115-130,000 for an inclusionary 2 bedroom unit would be an extreme disincentive to develop in City • Developer must have ability to determine project feasibility/financeability	(See Marketing comments)	• Interest is generally greatest cost on financial statement - wasted money/no value. "This is criminal!" Must streamline/quicken approval process if objectives are to be achieved. • Need neighbourhood education to explain that social housing does not lessen property values. • Recommends finite approval period, removing delay tactics which are "anti-affordable housing". If not approved by set date, OMB or similar party to make decision. • Should encourage pool of funds - principle of levies is already in place. • In private sector social housing, there is fear that private sector reaping profit from public. Must be implemented thru private/public sectors joint venture. Mutual goals, necess. diversity of skills and knowledge of process. Land would go into public trust. Third sector (land disposition committee) would liaise with City and private developer.	• Principle is good, necessary. But should not be applied globally or arbitrarily. "Integration should be intelligent not arbitrary". • What happens during bad economic times? • At least one-third of Intraurban's units are geared to social housing. Should evaluate developer's past record of providing social housing. • Accepts principle of payment according to means, but inclusionary purchasers must be encouraged to work, if able. No "gifts"-purchaser must put something in to unit. • Co-op housing should be encouraged to reduce no. of persons "locked out" of market, and afford pride in ownership. • "If you want to stop development, Inclusionary Zoning is a good way to do it" (ie. if mandatory)

APPENDIX D2 - Cont'd.

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
Tom Schwarz (Cont'd)					• Program must not be mandatory - will push development out of City. Should provide general guidelines which afford flexibility e.g. 25% bonus for inclusionary units. Developer must be able to choose appropriate mix. • Most appropriate general geographic areas must be determined.	
Janet Graham Vice President Real Estate Division Canadian Imperial Bank of Commerce	• Not a major issue to lenders.	• Main concern is the level of pre-sales and the size of deposit. The Bank wants a maximum for both.	• The CIBC will provide project financing equal to revenue from pre-sales less deposit. In current market, the Bank wants 20% deposits. • Inclusionary Units would probably not be considered as part of the revenue potential if the bank was not able to sell the unit without encumberance from the City. • The mortgage risk with purchaser of inclusionary unit would be higher than normal because there would be limited opportunity for appreciation and the unit would be difficult to sell quickly if foreclosed.	• Concern that lower income purchasers might have difficulty paying for expensive amenities.	• The main issue with lenders is "realized value" if it becomes necessary to sell an incomplete project or a finished unit. • If City policy makes it more difficult to realize value, then the lender will not finance inclusionary units - must be equity financed. • If inclusionary unit can be sold quickly, without red tape, then no problem.	• In agreement with objective of lower cost purchased housing, but not with inclusionary concept as presented. • It will increase cost of development and increase risk. • Very skeptical of government ability to manage an inclusionary program.

APPENDIX D2 - Cont'd.

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
Mike Labbe, Development Consultant, Lantana Non-profit Homes Corporation	• There are liability and livability problems associated with reducing unit size and exterior "play spaces". This must be carefully considered. • Market size is smallest you can go. Little opportunity exists to reduce unit size • May be some opportunity to scale back on external amenities (e.g. fire standpipes in core area which are now an outdated form of fire protection) which are costly and wasteful.	• Greatest need for affordable housing is families. High-rise is very difficult environment for kinds. • Families should be primary target. • Mix of unit types/target markets/income levels is irrelevant (in non-profit/rental/co-op projects). May be some conflict in initial stages, but these dissipate typically. • Socio-economic conflicts are most prevalent among kinds, not adults. • Limited equity ownership is viable in Toronto market is project affords value for location • Who is key target market group for inclusionary program (or any condo project)? Answer will dictate building/density/tenure forms.	(See Implementation comments)	• Condo maintenance fees present potential for ongoing conflict.	• Inclusionary units must be experimented with prior to any global requirement/application • Program must be administered through agency which understands process, risks, project economics and the Condominium Act. (e.g. non-profit corp.) Should follow a model of some form. • Must protect against windfall profit. Suggests pooling differential between first-time buyer's purchase price and sale price to subsequent owner. Money pool to be used for new inclusionary units. (Concept is similar to shared appreciation mortgage) • Estimates 10-15% is saved on cost of house by protection mechanisms in Condo Act. However, to maintain this savings potential and to implement and protect incl. units, a costly large bureaucracy is needed. • Potential for abuse in selection process (e.g. 1 spouse quits work to qualify) • No time limits should be placed on owner occupancy (ie. no registration on title)	• Should we zone/regulate inclusionary housing? • Would work more successfully if unlegislated via dedicated corporations which don't have an intense bureaucracy. (e.g. Lantana uses City's land, the value for which stays constant thru project approvals and devt, develops non-profit and is compensated 2-3% of project value. This approach affords 5% unit cost savings because land price is held constant) • Baby boom demographics particularly past-1995, suggest we should focus on affordable rental housing - ownership stock may be sufficient if population begins to decline as result of aging and low fertility rates. • Toronto's developers are very powerful with City's Council. Potential for abuse.

APPENDIX D2 - Cont'd.

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
Mike Labbe (Cont'd)					• Consideration should be given to land trust concept used in U.S. to control land value appreciation. • Perhaps special levy should be considered for providing incl. housing. However, levies directly impact on land values. • If bonusing is to be an incl. housing mechanism, rules must be very clearly established.	

APPENDIX D2 - Cont'd.

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
Barry Lyon and Rad Vucicevich, N. Barry Lyon Consultants Limited	• Hi-rise condos may not be right vehicle: (i) most expensive bldg. form; (ii) price per sq.ft. is more or less fixed; (iii) not appropriate for families with young kinds (iv) First-time buyers often have kids soon after purchase • A major problem with condos in Toronto is that they are "over-amenitized" because of City's reqmts and this has become big market problem. Consumers don't often want the amenities and know they will have heavy maintenance costs downstream. • If incl. projects provide no amenities, response would be good • Might make more sense in smaller projects without high amenity costs • Metro market is very flexible. Incl. zoning could drive market out of City to adjacent municipalities. It could also discourage developers who might act to reduce the rate of overall supply, as with rent controls and increased levies. • Incl. zoning is not flexible with the market.	• No way incl. units could be provided in super luxury condos. • Mastercraft in Etobicoke did a deal with Metro Housing to provide some subsidized units. Other condo purchasers reacted very negatively because of impact on their investment and potential need to subsidize condo fees. • Condos are no longer entry level housing (as was case in AHOP days). Now, they are viewed as an investment, a lifestyle and are often upscale. New breed of condo buyer is investment conscious and very anxious about anything that threatens value. • Security of investment and stability are very important to condo market. If there is a perception of a "revolving door" for the incl. units, then this could hurt marketing. • Incl. units must be disclosed in project. If these are perceived as threat to investment value of project, this will hurt marketing. Threat perceived if project will bring in a class "other than me".	• Not likely to work economically downtown (where zoned land runs @$60-70,000 per unit), but may work in some peripheral areas (where land could cost $40,000 per unit), such as Parkdale. • Hard costs for hi-rise condo devt. are running @$85-95 sq.ft. Soft costs (w/out interest) are about 20-25%, or 30-35% w/. interest (Soft costs are greater on smaller projects). An 800-850 sq.ft. units would cost min. $170-200,000 downtown with soft costs, financing and some contingency. Therefore subsidy for $130k incl. unit downtown is probably $100K. • If 10% incl. units, and assuming $100K/incl. unit subsidy, then cash-in-lieu levy would be approx. $10,000 per unit. This might be absorbed by purchasers in City, but not by those in surburbia. • If purchaser(s) now paying $1100/mo rent, does not mean they can carry a condo for similar amount (...taxes, maint. fees, etc).	• Condo. maintenance fees could present major, long-term conflict. • Condo maintenance fees are running at approx. $4/sq.ft. per yr. and taxes are running @$1.25 to $1.50/sq.f.t per year. An 800 sq.ft. unit could pay $3-400/m in fees and taxes on top of mtg. ($800-1000/u./yr. taxes plus $32-4000/u./yr. maintenance). • What happens when garage needs major repair (as they often do)? Could cost up to $2,000 per unit. If an incl. purchaser is barely making mtg and tax pymts, how will they feel about this contribution? What impact will this have on buy-back price? Can such costs be recovered? • Can't mix types of housing (e.g. TH and high-rise) - different maintenance issues. • If incl. purchasers get some profit, other purchasers may object because they subsidized the original purchase.	• Bonussing is possible, but issues of density and height are very contentious among residents groups and there are related site planing issues. • Cash-in-lieu could be used to create incl. sales housing elsewhere. But where does pool of $ go? who uses it? does affordable housing get built as result? • What if incl. purchasers have kids and want to buy house in suburbia? When incl. unit is sold, they get no equity lift (which they could apply towards a down payment) So, why shouldn't they rent in the interim? • Does City have right to control tenure? • Should consider pooling of funds via levy to be used for co-op housing. • Will create a huge administrative problem for City. • If cash-in-lieu policy, which projects pay and which are obliged to actually create incl. units? • Should incl. purchaser be entitled to profit from public subsidy? • Do only current residents of City qualify?	• Some type of incl. units could be in best interest of a health community and developers must take some responsibility. However, must control potentials for abuse. For example, in St. Lawrence nbhd, Rampart agreed to provide low-cost townhousing @$59,900/unit. Most of these units were bought by "friends" and quickly resold at inflated prices. • Two strategic questions. Is condo right vehicle for providing lower cost units? And how realistic is it for City to get involved? • Very much in support of anything which increases sales housing • Does public want ltd. equity ownership? Why not use co-op vehicle? • Few opportunities in City for redevelopment. • If the scheme can work at all, it is most likely to work in buildings that are targeted affordably overall. • "I hate to sound negative, but I don't thing incl. zoning is a good idea, although we share City's objective of broadening reach of sales housing in City".

APPENDIX D2 - Cont'd.

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
Barry Lyon and Rad Vucicevich, N. Barry Lyon (Cont'd)		• In today's market, some developers may be happy to offer units for sale as inclusionary simply because of lack of demand. • The lower the proportion of inclusionary units, the lower the potential for conflict. • Not really sales housing since limited opportunity for an "uptick". There must be some kind of lift available to the purchasers. • The City and North York have the least market overhang but there is likely to be a period of several years before much action takes place on the condo market. Thus, even if incl. zoning program in place, it may not be translated into units for quite some time.	• Unit financing is not likely to be a major issue. If purchase price accurately reflects market value, then there is not problem since mtg is always 75% of appraisal. • No inherent problem with project financing although lenders may be concerned about a delay in approvals since incl. units may add another level of concern. • Incl. zoning might affect lenders attitude towards the loan and might affect the price, but won't affect unit or project financing. Issue is how "risk" is interpreted. If incl. zoning may delay marketing of project, risk to lender increases. Related issue is extent to which City is involved.		• What happens if the household splits? • The higher the levies, the lower the land values. Most likely that cost of incl. units will ultimately be reflected in the value of land. Critical whether developer owns land and, if so, what was paid for it?	• Best way for renters to become owners is to convert rental housing - most have no unnecessary amenities. • Inclusionary units could ultimately be self-defeating. Better alternative might be Main Street housing. • In effect, the incl. unit becomes very similar to co-op unit from purchaser's perspective. • In ownership housing, people generally move every 4 or 5 years.

APPENDIX D2 - Cont'd.

Interviewee/ Organization	Opportunities To Reduce Design Costs	Marketing	Financing	Condominium Operations	Implementation	General Comments
P.J. Nicholson, former Chairperson of St. Lawrence Ratepayers' Association	• Limit some unnecessary amenities and conserve on unit size where appropriate.	• Mixed market segments can work very well (e.g. St. Lawrence Nbhd). Promotes community spirit. • Proportion of incl. units should be flexible - tied into free market and incentive program • Non-inclusionary purchasers may have concerns, but many of these will likely dissipate. • Public education needed to minimize perceived threat to investment values. • Should be targeted to first time buyers	• City/developers might consider venture which provides very low interest rates to incl. purchaser for first 5 years of occupancy (as he suggested to Camrost on "A2B" site in St. Lawrence Nbhd.)	• Maintenance fees could be an issue. Perhaps these should be geared to ability to pay.	• Supports innovative implementation measures as incentives (e.g. bonusing, levies, off-site, etc.) • Should be promoted throughout Metro • Shouldn't be kicked out downstream because income level has increased • Shouldn't be able to sell out at profit • Shouldn't be "over-regulated"- maintain flexibility • Very applicable in Ataratiri. If entire project is "affordable", could turn into a Regent Park. • Don't put limitations on where, how much. If "absolutes" are created thru zoning, this program may discourage devt. • Administration should be somewhat at arms-length from City. • Private and public sector must be cooperatively involved - with neither having "free reign". Decisions should be reached by consensus. This approach will instill public confidence. • Implementors and administrators need excellent financial expertise and good interest rates.	• Option may be "rent to own" • Program shouldn't encourage charity, but rather a means to ownership. Purchaser should be required to make downpayment. No "giveaways". • Good thing if implemented well and flexible. • Co-ops might be considered as an alternative.

APPENDIX E

ECONOMIC IMPLICATIONS

Appendix E1

Proforma Summary: High Rise Condominium

Official Plan Designation	:	High Density Mixed use
Zoning	:	CR L4.5 W350
Base Units Without Inclusionary	:	243 Units
Location	:	Central Core Area
Land Price Assumption	:	$60,000 per unit
Market Selling Price Assumption	:	$280 - $300 per sq.ft.

Analysis of Alternate Inclusionary Zoning Scenarios

	Impact on Profit and Project Finance			
Inclusionary Assumptions	**Profit As % of Cost**	**Profit As % of Equity**	**Equity As % of Cost**	**Profit As % of Rev.**
None	12.14%	25.43%	47.72%	10.82%
5%	10.33%	20.70%	49.87%	9.36%
10%	8.43%	16.18%	52.13%	7.78%
15%	6.77%	12.55%	53.96%	6.34%
20%	4.44%	7.83%	56.75%	4.25%

Inclusionary Assumptions	**Density Increase Needed to Offset Inclusionary Units**
5% Inclusionary Units	5%
10% Inclusionary Units	7%
15% Inclusionary Units	15%
20% Inclusionary Units	25%

Inclusionary Assumptions	**Cash-In-Lieu Equivalent To Inclusionary Units (Approx.)**
5% Inclusionary Units	$3,500 per built unit
10% Inclusionary Units	$6,000 per built unit
15% Inclusionary Units	$9,000 per built unit
20% Inclusionary Units	$13,000 per built unit

Appendix E2

Proforma Summary: Mid Rise Condominium

Official Plan Designation	:	High Density Mixed use
Zoning	:	CR L1 W100
Base Units Without Inclusionary	:	206 Units
Location	:	Central Core Area
Land Price Assumption	:	$60,000 per unit
Market Selling Price Assumption	:	$280 - $300 per sq.ft.

Analysis of Alternate Inclusionary Zoning Scenarios

	Impact on Profit and Project Finance			
Inclusionary Assumptions	Profit As % of Cost	Profit As % of Equity	Equity As % of Cost	Profit As % of Rev.
None	13.88%	29.47%	47.09%	12.19%
5%	11.90%	24.03%	49.50%	10.63%
10%	10.12%	19.64%	51.52%	9.19%
15%	7.65%	14.05%	54.45%	7.11%
20%	5.41%	9.46%	57.20%	5.13%

Inclusionary Assumptions	Density Increase Needed to Offset Inclusionary Units
5% Inclusionary Units	5%
10% Inclusionary Units	10%
15% Inclusionary Units	17%
20% Inclusionary Units	24%

Inclusionary Assumptions	Cash-In-Lieu Equivalent To Inclusionary Units (Approx.)
5% Inclusionary Units	$3,500 per built unit
10% Inclusionary Units	$6,000 per built unit
15% Inclusionary Units	$10,000 per built unit
20% Inclusionary Units	$14,000 per built unit

Appendix E3

Proforma Summary: Low Rise Condominium

Official Plan Designation	:	High Density Mixed use
Zoning	:	R3 Z1.0
Base Units Without Inclusionary	:	51 Units
Location	:	Outside Core Area
Land Price Assumption	:	$75,000 per unit
Market Selling Price Assumption	:	$250 - $280 per sq.ft.

Analysis of Alternate Inclusionary Zoning Scenarios

	Impact on Profit and Project Finance			
Inclusionary Assumptions	**Profit As % of Cost**	**Profit As % of Equity**	**Equity As % of Cost**	**Profit As % of Rev.**
None	12.14%	25.83%	46.99%	10.82%
5%	10.66%	21.41%	49.77%	9.63%
10%	8.98%	17.47%	51.39%	8.24%
15%	6.74%	12.47%	54.03%	6.31%
20%	4.96%	8.89%	55.76%	4.72%

Inclusionary Assumptions	Density Increase Needed to Offset Inclusionary Units
5% Inclusionary Units	3%
10% Inclusionary Units	7%
15% Inclusionary Units	11%
20% Inclusionary Units	16%

Inclusionary Assumptions	Cash-In-Lieu Equivalent To Inclusionary Units (Approx.)
5% Inclusionary Units	$3,000 per built unit
10% Inclusionary Units	$5,500 per built unit
15% Inclusionary Units	$10,000 per built unit
20% Inclusionary Units	$13,250 per built unit

Appendix E4

Percentage Price Adjustments to Maintain Developer Return on Equity

High Rise Inclusionary Units	Price Unit Increase to Maintain Market R.O.E.	or	Land Cost Decrease to Maintain Market R.O.E.
5%	1.8%		-5.0%
10%	4.3%		-10.0%
15%	6.1%		-14.5%
20%	9.6%		-20.0%
Mid Rise Inclusionary Units			
5%	2.2%		-5.0%
10%	4.3%		-10.0%
15%	7.5%		-15.5%
20%	10.1%		-21.6%
Low Rise Inclusionary Units			
5%	1.6%		4.0%
10%	3.6%		7.3%
15%	6.4%		12.7%
20%	8.8%		16.7%

Appendix E5

Market Proformas/Sensitivity of Returns to Changes in Sale Price

	Price Change	Return on Equity
High Rise	-10.0%	2.05%
	-5.0%	13.06%
	0	25.43%
	+5.0%	39.42%
	+10.0%	55.37%
Mid Rise	-10.0%	5.33%
	-5.0%	16.70%
	0	29.47%
	+5.0%	43.92%
	+10.0%	60.40%
Low Rise	-10.0%	2.13%
	-5.0%	12.82%
	0	25.83%
	+5.0%	40.63%
	+10.0%	56.22%

Appendix E6

Proforma Assumptions & Methodology

In order to test the implications of alternate policy scenarios on project economics, a proforma financial analysis model has been developed on Lotus 2.

The proforma incorporates five components: Summary of Results: Description of the Scenarios; Physical Configuration; Market Assumptions; Revenues; Costs; Financing and Profit.

Summary of Results

The summary of results simply carries the subtotal calculation to the front of the spreadsheet to assist the reader. Revenues, costs and profits are expressed as totals for the particular "case study" building, on a per dwelling unit basis, on a per gross sq. ft. basis, and as a percent of revenue.

In addition, profit (pre-tax) is expressed as a percentage of total costs, and as a % of equity. "Equity" in this context includes true cash equity, plus any off-project financing. Equity is also expressed as a percentage of total costs.

Description

This section summarizes the main policy assumptions and options which were tested. These are: the proportion of units built and sold as inclusionary; cash-in-lieu of inclusionary units; and density increase.

Physical Configuration

This section deals with the site, zoning and the basic physical configuration of the building type being evaluated. The proforma calculates gross floor area, number of units, floor plate and parking provisions.

The unit types and sizes for market inclusionary units are shown as assumptions.

Market Assumptions

These assumptions include:

- selling price per square foot of market and inclusionary units of each type
- selling price of parking spaces

There are also assumptions as to the number of units presold prior to construction, units sold by the time of completion, units sold at registration, and deposits. These assumptions are incorporated into the calculation of the amount of project financing possible and the total carrying costs.

Revenues

This section simply totals the revenues derived from market units, inclusionary units and parking exclusive of any upgrades.

Real estate commissions are carried at 2.5% of net revenue. These commissions do not include marketing costs.

Costs

Land costs are derived from a per dwelling unit assumption. These per unit land costs are assumed to be for land which is "permit-ready" and includes all demolition and site clearing, interest costs to carry the land until permits are issued, and all costs incurred to obtain approvals including municipal parkland requirements.

Construction costs for the building have been expressed simply on a per gross square foot basis. These costs include all costs except for parking, site work and landscaping which are treated separately. They include foundation works, structure, exterior, interior, vertical movement, electrical, mechanical and a basic unit appliance and finishing package. These costs are based on recent contact prices in Toronto.

A provision is provided to incorporate the potential costs savings for inclusionary units which may be of a more modest interior standard (eg., fewer bathrooms, lower cost, lower cost fit ups).

Parking costs were identified separately to provide an opportunity to test the implications of alternate parking standards.

Soft costs are grouped separately. These include design and engineering, and development management which are expressed as a percentage of construction costs. Marketing and advertising is expressed as a percentage of net revenues. Permits are expressed as a percentage of construction costs. Standard municipal levies are estimated at $0.75 per gross sq. ft. Legal costs for condominium registration and sale, and condominium survey for registration are estimated on a per unit basis. Other fees, insurance, warranties, etc. are expressed as a percent of construction costs.

Cash-in-lieu of providing inclusionary units would be a soft cost and is expressed on a per built unit basis.

The operating deficit carried by the developer on unsold units is assumed to be $400 per unit per month and is carried for an estimated 12 months after completion.

Finance & Profit

The construction financing or interim financing rate has been assumed at 13.5%. This reflects terms prevailing in January 1991. The prime rate on which this interim rate is partially based is expected to decline through 1991. The spread between the prime and the interim finance rate will depend on bank lending policies, market conditions, the strength of the developer and collateral offered.

This analysis assumes that 100% of costs are financed or accrue some form of interest for accounting purposes. The reason for this is that cash contributed by a developer to a project may be generated through borrowing against equity in other properties and through vendor take back mortgages on land and therefore incurs interest. Also, it is not uncommon for inter-company cash transactions to be in the form of loans to enable profits to be taken to best tax advantages.

The interest shown in the proforma is a function of the interest rate, the length of time required, and the average amount drawn during that time period. The amount drawn also includes the interest itself.

In interest on construction finance for example, the total interest is:

interest = construction cost (1/(1 - months/average loan amount X interest/12)-1)

The component of interest which is net carry to registration reflects the total cost of the development.

The interest on payments received on the sale of units is assumed to accrue to the developer. These are deposits which are held in trust until registration.

The Maximum Loan Advance is the maximum amount which a conventional lender will lend against the project itself. These conditions which determine maximum project financing vary significantly with market conditions. In this proforma:

maximum project loan = value of presales at start of construction (excluding inclusionary units)
less deposits

Our initial indications are that lenders will be very reluctant to lend against sales of inclusionary units.

It should be noted that financing terms for residential condominiums in 1986-88 were much easier and may be so again in the future.

MARKET - HIGH RISE PROFORMA

INCLUSIONARY ZONING PROFORMA: HIGH-RISE PROJECT - MARKET

SUMMARY OF RESULTS: HIGH-RISE PROJECT

	Total	Per Unit	Per GFA	% of Rev
Total Net Revenue	$59,480,928	$244,777	$244.56	100.00%
Land Cost	$14,580,000	$60,000	$59.95	24.51%
Construction Costs	$24,507,072	$100,852	$100.76	41.20%
Soft Costs excl Finance	$4,835,280	$19,898	$19.88	8.13%
Finance Costs	$9,120,136	$37,531	$37.50	15.33%
Total Costs	$53,042,487	$218,282	$218.09	89.18%
Profit	$6,438,441	$26,496	$26.47	10.82%

Profit	
As % of Cost	12.14%
As % of Equity	25.43%
Equity as % of Cost (Incl Off Project Financing)	47.72%

DESCRIPTION

Large high rise project in the core area with a middle range market focus.

Inclusionary Units @	0.00%	0 required
Cash-in-lieu	$0 per unit	
Density Increase (D.I.)	0.00%	on max. no. of pre-zoned units

PHYSICAL CONFIGURATION

Official Plan Designation: High Density Mixed Use
Zoning: CR L4.5 U350

Min. Site Area:	1.72 acres	75,071 sq.ft.	
Zoned G.F.I.:	4.5 x Site Area	337,822 sq.ft. max.	
G.F.I. with D.I.	4.50 x Site Area	337,822 sq.ft. max.	
Proposed:	Residential	243,219 sq.ft.	

			Bonus Units	
			Market	Inclusion.
Max. Units as Zoned:	141 per acre	243 units		
Proposed:	141 per acre	243 units		
With D.I.	141 per acre	243 units	0	0
Height:	18 stories			
Floor Plate:	13,512 sf			

Parking Required:

Owner	0.56 /bach,1 bed	0.81 /2 bed	156 spaces (underground)
Visitor		0.06 per unit	15 spaces (underground)
Commercial		0 per sq.ft.	0 spaces
		Total Parking	171 spaces

Unit Type and Sizes HRMARK/2

Unit Type	Market Units	Ave Net Size sf	Incl Units	Ave Net Size sf	Total Reg Units	D.I. Market	D.I. Incl.	Total All Units
Bach	30	436	0	0	30	0	0	30
1-BR	135	818	0	500	135	0	0	135
2-BR	78	1,067	0	700	78	0	0	78
3-BR	0	1,400	0	0	0	0	0	0
Total/ave	243	930	0	600	243	0	0	243

Sq.Ft.:	Total Residential	206,736		0		0	0	206,736
	Common @ 15.00%							36,483
	Total Commercial	0 net sq.ft.		0 common area				0
	Total G.F.A.							243,219

MARKET ASSUMPTIONS

Selling Prices (Excluding Upgrades and G.S.T.)

	Market Units		Inclusionary Units	
Unit Type	Price/sf	Unit Price	Price/sf	Unit Price
Bach	$280	$122,080	$200	$0
1-BR	$280	$229,040	$200	$100,000
2-BR	$280	$298,760	$200	$140,000
3-BR	$300	$420,000	$200	$0

Commercial	$0	per sq.ft.
Parking Space Price	$20,000	per underground
	$10,000	per at grade

Units Presold Prior to Construction	50%	122
Units Sold on Completion/Occupancy	75%	182
Units Sold on Registration	95%	231
Deposit on Presales $10,000		

REVENUES

		Total	Per Unit	Per Sq.Ft.
Net Revenue Market Units		$57,886,080	$238,214	$238.00
Net Revenue Inclusionary Units		$0	$0	$0.00
Net Revenue Commercial		$0		$0.00
Net Revenue Parking spaces		$3,120,000	$12,840	$12.83
Total Revenue		$61,006,080	$251,054	$250.83
Less Commission @	2.50%	1,525,152	$6,276	$6.27
Total Net Revenue		$59,480,928	$244,777	$244.56

COSTS

		Total	Per Unit	Per Sq.Ft.	
Hard Costs					HRMARK/3
Land Purchase* @	$60,000 per market unit	$14,580,000			no land cost
	$60,000 per incl unit	$0			for bonus units
*Price includes demolition, land carry to construction and mun. park levies		$14,580,000	$60,000	$59.95	
Construction @	$85.00 per sq.ft.	$20,673,600	$85,077	$85.00	
Pot Saving on Incl	($5.00)per sq.ft.	$0	$0	$0.00	
Parking Costs @	$20,000 per space	$3,420,000	$14,074	$14.06	
Site Work @	0.50%of bld	$103,368	$425	$0.43	
Landscape @	1.50%of bld	$310,104	$1,276	$1.28	
Total Construction Costs		$24,507,072	$100,852	$100.76	

		Total	Per Unit	Per Sq.Ft.	
Soft Costs					
Design & Engineering	5.00% of const	$1,225,354	$5,043	$5.04	
Development Management	5.00% of const	$1,225,354	$5,043	$5.04	
Marketing	2.00% of sales	$1,220,122	$5,021	$5.02	
Permits	1.00% of const	$245,071	$1,009	$1.01	
Lot Levies	$0.75 of GFA	$182,414	$751	$0.75	
Condo Legals & Survey	$800 per unit	$194,400	$800	$0.80	
Other Fees,Ins,Warranty,etc	1.50% of const	$367,606	$1,513	$1.51	
Cash-in-lieu for Incl	$0 per unit	$0	$0	$0.00	
Operating Defict	$400 per unsold unit/mo	$174,960	$720	$0.72	12 mos. est.
Total Soft Costs excl Finance		$4,835,280	$19,898	$19.88	

Project Finance			Total	Per Unit	Per Sq.Ft.
Construction Finance Rate		13.50%			
Land Carry	100%	18 months	$3,702,132	$15,235	$15.22
Construction	50%	18 months	$2,760,880	$11,362	$11.35
Soft Costs	75%	18 months	$865,861	$3,563	$3.56
Net Carry to Reg'n	100%	8 months	$5,068,802	$20,859	$20.84
Less Deposit Interest on Sales		11.00%	($3,802,712)	($15,649)	($15.63)
Committment Fee	1.00% loan amt		$525,173	$2,161	$2.16
Total Financing Costs			$9,120,136	$37,531	$37.50
Total Cost of Development			$53,042,487	$218,282	$218.09
Total Profit			$6,438,441	$26,496	$26.47
Max Loan Advance	(Presale Value less Deposits)		27,728,040	$114,107	$114.00
Equity or off Project Finance Requirement			25,314,447	$104,175	$104.08
Total			53,042,487	$218,282	$218.09

MARKET - MID RISE PROFORMA

INCLUSIONARY ZONING PROFORMA: MID-RISE PROJECT - MARKET

SUMMARY OF RESULTS: MID-RISE PROJECT

	Total	Per Unit	Per GFA	% of Rev
Total Net Revenue	$46,484,217	$225,652	$244.46	100.00%
Land Cost	$12,360,000	$60,000	$65.00	26.59%
Construction Costs	$19,146,158	$92,943	$100.69	41.19%
Soft Costs excl Finance	$3,802,526	$18,459	$20.00	8.18%
Finance Costs	$5,510,351	$26,749	$28.98	11.85%
Total Costs	$40,819,035	$198,151	$214.67	87.81%
Profit	$5,665,182	$27,501	$29.79	12.19%

Profit	
As % of Cost	13.88%
As % of Equity	29.47%
Equity as % of Cost (Incl Off Project Financing)	47.09%

DESCRIPTION

Large mid-rise project in the core area with a middle range market focus.

Inclusionary Units @	0.00%	0 required
Cash-in-lieu	$0 per unit	
Density Increase (D.I.)	0.00%	on max. no. of pre-zoned units

PHYSICAL CONFIGURATION

Official Plan Designation: High Density Mixed Use
Zoning: CR L1 U100

Min. Site Area:	5.15 acres	224,334 sq.ft.
Zoned G.F.I.:	1 x Site Area	224,334 sq.ft. max.
G.F.I. with D.I.	1.00 x Site Area	224,334 sq.ft. max.
Proposed:	Residential	190,152 sq.ft.

			Bonus Units	
			Market	Inclusion.
Max. Units as Zoned:	40 per acre	206 units		
Proposed:	40 per acre	206 units		
With D.I.	40 per acre	206 units	0	0
Height:	6 stories			
Floor Plate:	31,692 sf			

Parking Required:

Owner	0.56 /bach,1 bed	0.81 /2 bed	121 spaces (underground)
Visitor		0.06 per unit	12 spaces (underground)
Commercial		0 per sq.ft.	0 spaces
		Total Parking	133 spaces

Unit Type and Sizes MRMARKET/2

	Unit Type	Market Units	Ave Net Size sf	Incl Units	Ave Net Size sf	Total Reg Units	D.I. Market	D.I. Incl.	Total All Units
	Bach	33	436	0	0	33	0	0	33
	1-BR	150	818	0	500	150	0	0	150
	2-BR	23	1,067	0	700	23	0	0	23
	3-BR	0	1,400	0	0	0	0	0	0
	Total/ave	206	930	0	600	206	0	0	206
Sq.Ft.:	Total Residential		161,629		0		0	0	161,629
	Common @	15.00%							28,523
	Total Commercial		0 net sq.ft.		0 common area				0
	Total G.F.A.								190,152

MARKET ASSUMPTIONS

Selling Prices (Excluding Upgrades and G.S.T.)

	Market Units		Inclusionary Units	
Unit Type	Price/sf	Unit Price	Price/sf	Unit Price
Bach	$280	$122,080	$200	$0
1-BR	$280	$229,040	$200	$100,000
2-BR	$280	$298,760	$200	$140,000
3-BR	$300	$420,000	$200	$0

Commercial $0 per sq.ft.

Parking Space Price $20,000 per underground

$10,000 per at grade

Units Presold Prior to Construction	50%	103
Units Sold on Completion/Occupancy	75%	155
Units Sold on Registration	95%	196
Deposit on Presales $10,000		

REVENUES

		Total	Per Unit	Per Sq.Ft.
Net Revenue Market Units		$45,256,120	$219,690	$238.00
Net Revenue Inclusionary Units		$0	$0	$0.00
Net Revenue Commercial		$0		$0.00
Net Revenue Parking spaces		$2,420,000	$11,748	$12.73
Total Revenue		$47,676,120	$231,437	$250.73
Less Commission @	2.50%	1,191,903	$5,786	$6.27
Total Net Revenue		$46,484,217	$225,652	$244.46

COSTS

Hard Costs		Total	Per Unit	Per Sq.Ft.	MRMARKET/3
Land Purchase* @	$60,000 per market unit	$12,360,000			no land cost
	$60,000 per incl unit	$0			for bonus units
*Price includes demolition, land carry to construction and mun. park levies		$12,360,000	$60,000	$65.00	
Construction @	$85.00 per sq.ft.	$16,162,900	$78,461	$85.00	
Pot Saving on Incl	($5.00)per sq.ft.	$0	$0	$0.00	
Parking Costs @	$20,000 per space	$2,660,000	$12,913	$13.99	
Site Work @	0.50%of bld	$80,815	$392	$0.43	
Landscape @	1.50%of bld	$242,444	$1,177	$1.28	
Total Construction Costs		$19,146,158	$92,943	$100.69	

Soft Costs		Total	Per Unit	Per Sq.Ft.	
Design & Engineering	5.00% of const	$957,308	$4,647	$5.03	
Development Management	5.00% of const	$957,308	$4,647	$5.03	
Marketing	2.00% of sales	$953,522	$4,629	$5.01	
Permits	1.00% of const	$191,462	$929	$1.01	
Lot Levies	$0.75 of GFA	$142,614	$692	$0.75	
Condo Legals & Survey	$800 per unit	$164,800	$800	$0.87	
Other Fees,Ins,Warranty,etc	1.50% of const	$287,192	$1,394	$1.51	
Cash-in-lieu for Incl	$0 per unit	$0	$0	$0.00	
Operating Defict	$400 per unsold unit/mo	$148,320	$720	$0.78	12 mos. est.
Total Soft Costs excl Finance		$3,802,526	$18,459	$20.00	

Project Finance			Total	Per Unit	Per Sq.Ft.
Construction Finance Rate		13.50%			
Land Carry	100%	14 months	$2,310,623	$11,217	$12.15
Construction	50%	14 months	$1,636,646	$7,945	$8.61
Soft Costs	75%	14 months	$509,339	$2,473	$2.68
Net Carry to Reg'n	100%	6 months	$2,878,453	$13,973	$15.14
Less Deposit Interest on Sales		11.00%	($2,228,859)	($10,820)	($11.72)
Committment Fee	1.00% loan amt		$404,149	$1,962	$2.13
Total Financing Costs			$5,510,351	$26,749	$28.98
Total Cost of Development			$40,819,035	$198,151	$214.67
Total Profit			$5,665,182	$27,501	$29.79
Max Loan Advance	(Presale Value less Deposits)		21,598,060	$104,845	$113.58
Equity or off Project Finance Requirement			19,220,975	$93,306	$101.08
Total			40,819,035	$198,151	$214.67

MARKET - LOW RISE PROFORMA

INCLUSIONARY ZONING PROFORMA: LOW-RISE PROJECT - MARKET

SUMMARY OF RESULTS: LOW-RISE PROJECT

	Total	Per Unit	Per GFA	% of Rev
Total Net Revenue	$11,942,640	$234,169	$215.03	100.00%
Land Cost	$3,825,000	$75,000	$68.87	32.03%
Construction Costs	$4,888,720	$95,857	$88.02	40.94%
Soft Costs excl Finance	$976,504	$19,147	$17.58	8.18%
Finance Costs	$959,812	$18,820	$17.28	8.04%
Total Costs	$10,650,036	$208,824	$191.76	89.18%
Profit	$1,292,604	$25,345	$23.27	10.82%

Profit	
As % of Cost	12.14%
As % of Equity	25.83%
Equity as % of Cost (Incl Off Project Financing)	46.99%

DESCRIPTION

Low density low-rise project in the peripheral core area with a middle range market focus.

Inclusionary Units @ 0.00% 0 required

Cash-in-lieu $0 per unit

Density Increase (D.I.) 0.00% on max. no. of pre-zoned units

PHYSICAL CONFIGURATION

Official Plan Designation: High Density Mixed Use
Zoning: R3 Z1.0

Min. Site Area:	1.28	acres	55,539 sq.ft.
Zoned G.F.I.:	1	x Site Area	55,539 sq.ft. max.
G.F.I. with D.I.	1.00	x Site Area	55,539 sq.ft. max.
Proposed:		Residential	55,539 sq.ft.

				Bonus Units	
				Market	Inclusion.
Max. Units as Zoned:	40	per acre	51 units		
Proposed:	40	per acre	51 units		
With D.I.	40	per acre	51 units	0	0
Height:	3	stories			
Floor Plate:	18,513	sf			

Parking Required:

Owner	1 /bach,1 bed	1 /2 bed up	51 spaces at grade
Visitor		0.25 per unit	13 spaces at grade
Commercial		0 per sq.ft.	0 spaces
		Total Parking	64 spaces

Unit Type and Sizes LRMARKET/2

Unit Type	Market Units	Ave Net Size sf	Incl Units	Ave Net Size sf	Total Reg Units	D.I. Market	D.I. Incl.	Total All Units
Bach	0	436	0	0	0	0	0	0
1-BR	0	700	0	500	0	0	0	0
2-BR	36	888	0	700	36	0	0	36
3-BR	15	1,016	0	0	15	0	0	15
Total/ave	51	760	0	600	51	0	0	51

Sq.Ft.:	Total Residential	47,208	0	0	0	47,208
	Common @ 15.00%					8,331
	Total Commercial	0 net sq.ft.	0 common area			0
	Total G.F.A.					55,539

MARKET ASSUMPTIONS

Selling Prices (Excluding Upgrades and G.S.T.)

Unit Type	Market Units Price/sf	Market Units Unit Price	Inclusionary Units Price/sf	Inclusionary Units Unit Price
Bach	$280	$122,080	$200	$0
1-BR	$250	$175,000	$200	$100,000
2-BR	$250	$222,000	$200	$140,000
3-BR	$250	$254,000	$200	$0

Commercial	$0	per sq.ft.
Parking Space Price	$20,000	per underground
	$10,000	per at grade

Units Presold Prior to Construction	50%	26
Units Sold on Completion/Occupancy	75%	38
Units Sold on Registration	95%	48
Deposit on Presales $10,000		

REVENUES

		Total	Per Unit	Per Sq.Ft.
Net Revenue Market Units		$11,802,000	$231,412	$212.50
Net Revenue Inclusionary Units		$0	$0	$0.00
Net Revenue Commercial		$0		$0.00
Net Revenue Parking spaces		$510,000	$10,000	$9.18
Total Revenue		$12,312,000	$241,412	$221.68
Less Commission @	3.00%	369,360	$7,242	$6.65
Total Net Revenue		$11,942,640	$234,169	$215.03

COSTS

Hard Costs		Total	Per Unit	Per Sq.Ft.	LRMARKET/3
Land Purchase* @	$75,000 per market unit	$3,825,000			no land cost
	$75,000 per incl unit	$0			for bonus units
*Price includes demolition, land carry to construction and mun. park levies		$3,825,000	$75,000	$68.87	
Construction @	$75.00 per sq.ft.	$4,165,412	$81,675	$75.00	
Pot Saving on Incl	($5.00)per sq.ft.	$0	$0	$0.00	
Parking Costs @	$10,000 per space	$640,000	$12,549	$11.52	
Site Work @	0.50%of bld	$20,827	$408	$0.38	
Landscape @	1.50%of bld	$62,481	$1,225	$1.12	
Total Construction Costs		$4,888,720	$95,857	$88.02	

Soft Costs		Total	Per Unit	Per Sq.Ft.	
Design & Engineering	5.00% of const	$244,436	$4,793	$4.40	
Development Management	5.00% of const	$244,436	$4,793	$4.40	
Marketing	2.00% of sales	$246,240	$4,828	$4.43	
Permits	1.00% of const	$48,887	$959	$0.88	
Lot Levies	$0.75 of GFA	$41,654	$817	$0.75	
Condo Legals & Survey	$800 per unit	$40,800	$800	$0.73	
Other Fees,Ins,Warranty,etc	1.50% of const	$73,331	$1,438	$1.32	
Cash-in-lieu for Incl	$0 per unit	$0	$0	$0.00	
Operating Defict	$400 per unsold unit/mo	$36,720	$720	$0.66	12 mos. est.
Total Soft Costs excl Finance		$976,504	$19,147	$17.58	

Project Finance			Total	Per Unit	Per Sq.Ft.
Construction Finance Rate	13.50%				
Land Carry	100%	8 months	$378,297	$7,418	$6.81
Construction	50%	8 months	$230,359	$4,517	$4.15
Soft Costs	75%	8 months	$70,685	$1,386	$1.27
Net Carry to Reg'n	100%	6 months	$750,612	$14,718	$13.52
Less Deposit Interest on Sales	11.00%		($575,586)	($11,286)	($10.36)
Committment Fee	1.00% loan amt		$105,446	$2,068	$1.90
Total Financing Costs			$959,812	$18,820	$17.28
Total Cost of Development			$10,650,036	$208,824	$191.76
Total Profit			$1,292,604	$25,345	$23.27
Max Loan Advance	(Presale Value less Deposits)		5,646,000	$110,706	$101.66
Equity or off Project Finance Requirement			5,004,036	$98,118	$90.10
Total			10,650,036	$208,824	$191.76

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VHS video tapes (11) of the Forum not for sale but can be viewed at the City of Toronto Archives (City Hall) or Metro Toronto Reference Library (789 Yonge St.) Audio Visual Services Department or borrowed from one of the Toronto Public Libraries' four film collections: Film Dept., 40 Orchard View Blvd.; Spadina Road Branch; Bloor and Gladstone Branch; Danforth and Coxwell Branch.

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